

11. PROJECT DEVELOPMENT AND DELIVERY 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/delivery (engineering and environmental) milestones for projects programmed in the 4-year Transportation Improvement Program (TIP).

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 that shifted letting years via amendments between 2022-2025 had previously “rolled” into the next fiscal year for multiple years. Some projects had not met even one critical path milestone for project development.

Project “stagnation” can lead to high carryover balances, incorrect carryover balance estimates, inability to accurately program projects, loss of funding, 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.

CURRENT SITUATION

The Project Development Milestone Policy Workgroup has been meeting biweekly since forming and has developed a draft policy that is ready to bring forward to the Transportation Advisory Committee and Transportation Policy Council for review/comment.

Once approved, the Milestone Policy will provide H-GAC staff and project sponsors with a clear, consistent process for project delivery. It will outline how to identify and manage risks early, address schedule changes, and use tools like baseline schedules and risk registers to keep projects on track. By establishing a structured approach to monitoring progress and making informed decisions, the policy will help ensure timely project completion, efficient use of funding, and proactive management of potential delays.

The Milestone Policy, once adopted, will apply to all projects in the upcoming 2027-2030 TIP and 10-Year Plan with funding approved by the TPC. Each project will include a baseline schedule and risk evaluation that will be reviewed and updated regularly.

ACTION REQUESTED

Information Only.

Project Development and Delivery Milestone Policy

Adopted by: Transportation Policy Council (TPC)

Effective Date: [PLACEHOLDER]

Responsible Office: H-GAC

1. Purpose and Objective

Federal regulations require Regional Transportation Plans (RTPs), Transportation Improvement Programs (TIPs), and Statewide Transportation Improvement Programs (STIPs) to be fiscally constrained, meaning they must demonstrate that projects can be implemented with committed or reasonably available funding. Since passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, fiscal constraint has been central to transportation planning and is met through financial plans prepared under FTA/FHWA regulations (23 CFR 450). Each Metropolitan Planning Organization (MPO), in cooperation with the state and transit providers, must develop a fiscally constrained TIP covering at least four years that includes all federally funded and regionally significant projects, as well as applicable non-federally funded projects, ensuring alignment with the RTP.

The Project Development and Delivery Milestone Policy's purpose is to ensure efficient utilization of the MPO's fiscally constraint funding to achieve federal, state, and local transportation priorities by establishing a transparent and accountable process for programming of funds by phase of work. The establishment of key milestone decision points for project programming by phase will help to ensure on-time project development and delivery.

This policy provides a framework for identifying, monitoring, and addressing project schedule and other risk-related issues in the delivery of programmed projects, with the goals of:

- Ensuring programmed projects in the fiscally constrained Transportation Improvement Program (TIP) and 10-year plan are reviewed periodically to confirm timely delivery.
 - Identifying project risks early to avoid high carryover balances.
 - Mitigate risk to keep projects moving forward and on schedule.
 - Outlining a process for when a project requires remedial actions such as recommendation for delay or de-programming, or other mitigation strategies, if risks cannot be adequately addressed.
 - Advancing selected (TIP or 10-year plan) projects that are ready for obligation
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2. Scope

This policy applies to all projects programmed within the TIP and 10-Year Plan, that have funding committed by the TPC. Programmed projects require an initial risk evaluation and baseline schedule and will be updated periodically to monitor any on-going risk. Projects will be monitored until the federal funding is obligated.

3. Definitions

- **Caution List** A list of projects with identified potential risk that may cause programmatic deviations (schedule, cost, and scope). These projects require closer monitoring and may require corrective actions but may still meet the programmed delivery date.
- **Action List:** A list of projects with unacceptable level of risk that may result in a significant schedule delay or inability of the sponsor to deliver the project in a timely manner. These projects require TPC to consider action that may include: an amendment of the project program fiscal year, project scope and/or cost, or movement of the project outside of the Ten Year Plan with potential loss of committed federal funding.
- **Opportunity List:** A list of projects that can be accelerated into the 4-year TIP timeframe for letting. These projects have already been through a project selection process and approved by the TPC. Approval to accelerate a project into the TIP is not automatic.
- **Risk Register:** A tool used to evaluate and score project risk based on their likelihood of occurrence and potential impact.
- **Readiness Thresholds:** A set limit on criteria or milestones that must be met before a project can be programmed for construction or implementation funding.
- **Risk Management:** A structured approach to identify, assess, and mitigate project risk.
- **Baseline Schedule:** A timeline identified as part of the risk management structured approach that establishes the planned start and finish dates for project activities, milestones, and deliverables. It serves as a fixed reference point against which actual progress and schedule performance are measured throughout the life of a project. Baseline schedule is set for each project in the 10-year plan. The baseline schedule is then refined/updated when the project is placed into the TIP.

Baseline schedule must address the following items when the critical path milestone activities will be completed:

- Execution of AFA with TxDOT for project development and construction phases.
- Environmental clearance (start and end dates for projects needing CE, EA, EIS).

- Right of Way Acquisition (start and end dates for project needing ROW acquisition)
 - Schematic and PS&E (start and end date of submittals)
 - Utility Coordination (start and end dates of utility coordination)
 - Railroad agreement (estimated date of completion for projects needing railroad agreement)
 - ACE permit and any other permits that are needed (estimated date of completion for project needing ACE permit)
 - Included in RTP and associated Conformity Determination, if applicable
 - Concurrence with facility owner, if applicable
 - Has a procurement plan, if applicable
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4. Risk Management Framework

4.1 Risk Management Overview

Risk management leads to on-time programming that aligns funds with anticipated project delivery times ensuring efficient use of federal funds. Risk management is critical for aligning project development phases with available resources to ensure the region's transportation goals are met timely. Managing risk helps to prevent delay, reduce cost overruns, and reduce the likelihood of a funding lapse.

The primary goal of risk management is to ensure the Transportation Policy Council (TPC)-approved project portfolio is delivered on schedule and that financial resources are used efficiently. It also aims to align project programming with available resources. This is achieved by identifying and mitigating risk throughout the project lifecycle and enabling informed decision-making. Proactive use of a risk register during project development is vital for identifying risk, developing mitigation plans, and enabling schedule and financials adjustments.

4.2 Key Risk Categories

1. **Scope Risk:** The scope of a project defines the specific activities to be performed, Scope risk exists when there is uncertainty about what will be delivered. A clear scope provides the framework for project development and provides transparency for the product deliverable. A clear scope provides the necessary information needed to develop project tasks and timeline for delivery. Projects that do not have a clear scope, tasks, and timelines should not be programmed in the TIP.

The lack of a clear scope, may lead to scope creep or holistic changes in scope that materially impact the original intent of the project. While it's true that scope clarity

evolves with design maturity, substantive changes to scope must be reassessed to ensure the project's original intent and objectives, as approved by the TPC, are being performed.

2. **Process Certainty Risk:** Process Certainty risks arise from external or internal processes including planning and programming approvals (TIP, STIP, RTP), environmental approvals, permitting, right-of-way, utility coordination and adjustment, and railroad coordination and permitting.
3. **Resource Availability Risk:** Resource availability risk relate to accessibility of necessary funding, adequate and qualified staff to perform the work, and/or procurement readiness.

4.3 Potential Risk Evolution Over Time – Prior to Obligating Funding Resources

- **Early Stages:** Scoping, planning, programming, schematics, environmental review and public engagement.
 - **Mid-Development:** Schematics, environmental clearance, ROW mapping, permitting, utility coordination, ROW acquisition RR coordination.
 - **Late Stages:** Plans, Specifications, and Estimate (final design), ROW acquisition, permitting, utility adjustments, federal obligation, letting, and construction.
 - **Regular Updates:** Risks shall be reassessed quarterly.
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5. Caution List and Action List

This milestone policy identifies a Caution List and an Action List for projects that present a risk for on-time project delivery. The Risk Register is used at the onset of the project to identify appropriate programming of the project by phase. The Risk Register is periodically updated to assess project progress against programming. Deviations from the baseline schedule, may result in the project being placed on the Caution List. The purpose of the Caution List is to elevate visibility of the project and to ensure closer coordination and monitoring, developing of a schedule mitigation plan, or inclusion on the Action List.

The Action List triggers MPO Programming staff to create an action for TPC's consideration. The purpose of the action is to ensure alignment between the MPO's funding and a project's delivery schedule to reduce the possibility of high federal carryover balances and to help ensure delivery of regional projects. Actions may include delay of a phase or phases of work, scope changes, budget changes, limit changes, reprogramming and pushing the project outside of the

10 year Plan into the later years of the RTP for TPC's future funding consideration, or project cancellation.

5.1 Criteria and Placement on the Caution List

- **Readiness Thresholds / Critical Milestones:** Some requirements met but critical path items pending.
 - No baseline schedule agreed upon
 - No risk register created
- **Schedule Deviation:** When a project falls two quarters behind its baseline milestone, it will be placed on the Caution List. A remediation plan will be put into place to bring the project back into compliance with the schedule. The remediation plan assumes that the original delivery schedule is still feasible.
- **Funding Readiness:** Minor funding source confirmation delays
- **Sponsor Engagement:** Sponsor responsive but behind on deliverables

5.2 Criteria and Placement on the Action List

- **Readiness Thresholds / Critical Milestones:** Critical milestones (ROW, environmental clearance, etc.) not met and no path forward.
 - **Schedule Deviation:** From the caution list, if the original schedule is not feasible, the project will develop a new delivery schedule. Detailed reason(s) for the delay need to be noted when submitting the amendment for a new schedule with fiscal year changes, which will ultimately be reported to the TPC. If the project's amendment is approved, the project will be removed from the Action List and MPO staff will continue routine monitoring.
 - **Funding Readiness:** Significant funding gaps or uncommitted match funds
 - **Sponsor Engagement:** Sponsor unresponsive, unwilling or unable to commit resources
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6. Mitigation Strategies

6.1 For Caution List Projects

- Continue conducting quarterly review meetings with sponsors.
- Implement targeted mitigation strategies (e.g., accelerated design, early utility coordination, earlier ROW acquisition).
- Refer to H-GAC Cost- Overrun policy
- Consider a correction action plan/ schedule mitigation plan from sponsor

6.2 For Action List Projects

- Require formal corrective action plan from sponsor to be signed by sponsor and MPO Director.
- List of project on the Action List to be reported to TPC
- Consider changing letting year – only after discussion with MPO and its fund balance
- Consider reprogramming as locally funded or beyond the 10 year plan if critical risks remain unresolved.
 - No critical milestone started on project development phase for more than 5 years after the project is awarded federal funding by the TPC.
 - For existing projects within the current TIP (FY 2025-2028 TIP), if there is no progress on required milestones by the end of December 2026 (2nd quarter of fiscal year 2027).
 - Consider advancing project from the opportunity list into the TIP window when the following is present and there is opportunity to move projects
 - Project ready to let for construction within 24 months
 - Project that are seeking federal funds for project development

7. Recommended Actions for TPC

Range of actions (TPC controls): Continue monitoring, schedule delay, to reprogramming.

Particular actions for the projects could be referenced with current policies listed in the references below

8. Responsibilities

- **Project Sponsors:** Ensure timely completion of milestones, maintain up-to-date risk register entries, and implement mitigation measures.
 - **TxDOT:** Coordinate on a regular basis with H-GAC to compare letting dates and funding for projects in the TIP (Project Portfolios). Additionally, TxDOT will coordinate with Project Sponsors with H-GAC staff on a regular basis.
 - **H-GAC:** Maintain the caution/action list, facilitate quarterly evaluations, and provide reports to TPC for projects needing action.
 - **TPC:** Approve reprogramming and deprogramming actions.
 - **TAC:** Provide oversight, recommend reprogramming and deprogramming actions, and ensure policy compliance.
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9. Procedures

1. Baseline Assessment:

- Identify and evaluate risks in order to program
- Align project schedule with correct programmed fiscal year
- Establish project milestones

2. Quarterly Evaluation:

- Review risk register and schedule progress
- Identify caution list and action list candidates

3. Reporting:

- Maintain an updated dashboard for TPC review and public view
- Notify sponsors when their project status (caution/action) changes

4. Escalation:

- Move from caution to action list if unresolved risks persist
 - Initiate reprogramming discussions as needed
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10. References

- Transportation Improvement Program (TIP) Responsibility of Approval Guidelines
 - Regional Transportation Plan (RTP) Policies
 - Cost Overrun Policy
 - Public Participation Plan (PPP)
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