**Regional Policies for Developing the TIP and Managing Lake Erie West-Area Funds**

Lake Erie West has developed policies and procedures to provide a clear understanding to all project sponsors of how the TIP is developed and how Lake Erie West-managed funds are administered. These policies and procedures are presented below:

- general and project management policies
- programmed project policies
- project budget correction in times of unusual inflation
- amendment, administrative modification, and grouped project procedures

**General and Project Management Policies**

With the increasing need for transportation funds and decreasing revenues to support needed projects, the MPO Policy Board adopted the following policies to provide guidance and control over TIP project development for projects utilizing Lake Erie West-managed funds.

A. Project submissions that are not received by Lake Erie West on or before the application deadline, or that do not include a thorough, engineer approved cost estimate and project description, will be excluded from consideration for funding. Staff may request additional documentation or clarification, which must be submitted by a specified deadline prior to the application scoring meeting.
B. Projects will be rated and ranked according to a set of criteria approved by the MPO Policy Board prior to project solicitation and the criteria will be included in the application package.
C. Projects that were ranked but unfunded will be held for up to one (1) year after the solicitation due date and may be inserted into the TIP if another project is cancelled and sufficient funding remains available. A non-funded project must still meet eligibility requirements.
D. The sponsor must provide for at least 20% of the eligible costs from non-federal sources.
E. The sponsor is entirely and solely responsible for project design and other development costs. There will be no consideration for funding of the Preliminary Engineering (PE) or Detailed Design (DD) phases.
F. Right-of-way costs will normally be the responsibility of the sponsor. However, Lake Erie West funding for right-of-way costs may be requested where right-of-way costs are significant and will impose a hardship on the project sponsor. The TAC will consider right-of-way funding requests on an individual project basis. If Lake Erie

West participation in the right-of-way is approved, the maximum Lake Erie West contribution will not exceed 80% of the total right-of-way cost.

G. Costs for any activity that occurs prior to federal authorization of the project phase are not eligible for reimbursement.

H. After a project funded through STBG is programmed in the TIP, the use of Lake Erie West federal funds in a project may not increase more than 10% above the approved federal amount. Increases greater than 10% will be borne by the project sponsor unless they have been approved by both the TAC and the MPO Policy Board. Increases must be justified by the project sponsor and will only be approved in rare circumstances beyond the sponsor's control. This paragraph does not apply to the program-wide changes made under the rules of section **Project Budget Correction in Times of Unusual Inflation**. Increases involving scope change will be considered on an individual project basis. Scope changes must be presented by the project sponsor to the TAC for review. The TAC will notify the project sponsor of one of the following actions:
    1. Scope changes are approved, and additional funds are approved at the original percent participation.
    2. Scope changes are approved, and additional funds are approved up to a specified maximum amount of funding.
    3. Scope changes are approved with no additional funds being provided by the TIP.
    4. Scope changes are not approved. The scope of the project has changed so significantly, the project is being removed from the TIP and the local jurisdiction may submit the revised project in the next project round.

I. In recognition of the long lead time required to fully develop many transportation projects and the reluctance of project sponsors to begin project development absent assurance of funding, the TIP includes a locally approved pipeline of projects one year beyond that of the active TIP.

J. After consultation with project sponsors, the TAC will review and select pipeline projects based on development schedules that will allow the projects to be ready for obligation at least six months before the programmed fiscal year. All projects utilizing Lake Erie West funding must be prepared for obligation by July 1 of the fiscal year in which they are programmed. This timeline allows for flexible scheduling of contract letting during the fiscal year. This requirement is based on federal and state directives for a more even flow of funds and on the fact that better prices are obtained for projects bid before the fourth quarter of the fiscal year. ODOT has issued a requirement that projects be obligated and sold on a quarterly split basis of 20% first quarter of the state fiscal year, 30% second quarter, 30% third quarter, and

20% fourth quarter. They also require that Lake Erie West develop a pipeline of projects equal to 25% of their annual total obligation ceiling.

K. The project sponsor, in coordination with ODOT District 2 and Lake Erie West staff, will prepare a project development schedule for each project funded in the TIP. At a minimum, this schedule will include the milestones and dates for submittals required by the ODOT Ellis system and by Lake Erie West's project development requirements. Staff will also coordinate and conduct updates and project list development within the ODOT E-STIP system.

L. Project scoring and ranking will be conducted by an ad hoc committee of the TAC, which will be established by the MPO Policy Board. Recommendations will be made by the ad hoc committee to the MPO Policy Board, who has final authority on project approval. Project sponsors that do not deliver projects in the agreed upon fiscal year will be penalized in the following funding round with scoring deductions. Penalties will be applied to only those sponsors that fail to deliver projects, and there will not be a penalty if projects are delayed by Lake Erie West. This penalty will only apply to the funding round of the same funding source of the project that was not delivered on the agreed schedule.

M. A project sponsor will have six (6) years from when the project is awarded by Lake Erie West to sell the project. If the project is not sold within six (6) years, then the project will be removed from the TIP and the project sponsor will have to resubmit it in the next solicitation. The exceptions to this are if funding is not available within the four-year cycle of the TIP and the project must remain within the pipeline for future funding, or if the project is delayed in any way that is beyond the control of the project sponsor.

N. Other funding sources (including various types of state or federal funds, private funding, etc., that are part of the project):
    1. These funds may not be changeable. The local jurisdiction is responsible for asking for more funds if so allowed.
    2. If other funding sources are used as part of the local match, the local jurisdiction is responsible for maintaining the federal/local match.
    If project costs increase, Lake Erie West federal funds and the required local match may be used to cover the additional costs; however, these funds may not be sufficient to cover the full amount of the increase.
    3. The project sponsor is responsible for trying to find other sources to add to the project. Documentation of this effort may be required by the TAC before additional funding is considered.

O. The cost estimates for future project submittals must be projected to the year stated in the project call. This should not be confused with the most optimistic schedule or the jurisdiction's desired schedule.
P. The STBG Small Project Fund federal maximum is a cap. The MPO Policy Board may adjust the maximum federal cap amount for each TIP cycle. The maximum federal amount for the FY 2026 - 2029 cycle is $625,000. The funding can either be a 50/50 or 80/20 split based on the committee's decision for each solicitation.
Q. The total amount of STBG funding allocated to the Small Project Fund for construction shall be $2,500,000 for each fiscal year. The MPO Policy Board may adjust the maximum construction allocation for each TIP cycle.

**Programmed Project Policies**

This section applies to projects that have been selected for TIP funding.

A. Lake Erie West will schedule TIP monitoring meetings at least two times a year. Project sponsors are required to provide complete information about project scope, proposed schedule, and cost for all projects that have Lake Erie West-managed funds.
B. Project sponsors are required to include Lake Erie West on all ODOT submittals regarding Lake Erie West-funded projects.

**Project Budget Correction in Times of Unusual Inflation**

The rules in this section cover how the TAC will deal with inflation when the rate of inflation is unusually high or low. Inflation will be reviewed every two years in the year prior to the publication of the TIP document. If the committee determines that an inflation correction is needed, all projects in the Lake Erie West TIP and Lake Erie West TIP pipeline will be evaluated.

A. Corrections to project amounts will be done by the project sponsors following the instructions of the TAC for consistency. The appropriate inflation indexes to be used for each project will be a decision of the TAC. The TAC will at least review the ODOT individual material information as a part of the decision. Completed estimates will be signed and dated by an appropriate design professional.
B. The inflation amount will be adjusted to the project's projected year in the TIP. Note that this projected year may need to be adjusted during the TIP preparation cycle.
C. Once adjusted, project amounts will be held constant for the duration of the TIP cycle. An exception may be made for projects that are moved back by two or more years. This second adjustment will be made only at the discretion of the TAC.

D. Lake Erie West will add inflation to projects that are administratively moved by Lake Erie West. The "Most Likely" inflation numbers will be used from the 5-year Construction Cost Inflation Forecast that is published by ODOT biannually.

**Amendment, Administrative Modification, and Grouped Project Procedures**

The TIP is a living document, meaning it requires regular updates to reflect changes in projects. Some of these changes include, but are not limited to, project schedule changes, cost estimate changes, added projects, cancelled or removed projects, funding sources being changed, etc.

There are certain criteria and thresholds that will automatically bring about an amendment. These are approved by FHWA and FTA, and ODOT organizes the amendments for local TIPs to amend the STIP. This process occurs each quarter. The amendment submittal dates are around January 1st, April 1st, July 1st, and October 1st of each year. MPOs are required to submit a resolution from their respective organizations approving the local amendment. Lake Erie West's process for approving a TIP amendment resolution is as follows:

- An amendment to the TIP is initiated with Lake Erie West staff.
- Staff reviews the proposed changes.
- Staff makes a recommendation to the TAC.
- If approved, the resolution is forwarded to the MPO Policy Board for final approval.

Administrative modifications are also subject to review by the TAC when minor revisions are necessary for a project. The same steps as above shall apply to the modification except that it does not need to have a resolution prepared and forwarded to the MPO Policy Board. All decisions on administrative modifications are handled by the TAC.

Certain tasks that require administrative modification will not require approval by the TAC, primarily involving Grouped projects. Instead, this will be handled by staff internally and the committee will receive a monthly summary of all modifications. Scenarios that will be handled internally by staff with reporting to the TAC include:

- Updating funding amounts that do not change the amounts of Lake Erie West-managed funding caps.
- Adding new non-Lake Erie West funding sources to projects that are already in the TIP and STIP.
- Splitting or combining projects that are already in the TIP and STIP.