

Inflationary Cost Adjustments

Executive Advisory Committee

April 16, 2024

- MoDOT established a new goal setting approach January 2024, with the following targets:

FY 2024 Targets – East-West Gateway region	
120% Target	\$107,987,710
110% Trigger Point	\$98,988,734

- EWG staff have been reviewing projects currently programmed in the TIP and past programming trends, including:
 - Projects that could advance
 - Possible project extension requests
 - Projects that may drop and return funds
- Based on our best estimates, projects that are reasonably expected to obligate is approximately \$98 million.

- At their April 2024 meeting, the Missouri Transportation Planning Committee (TPC) recommended the approval of a temporary measure to increase funding on projects that are experiencing inflationary issues.
 - This includes the utilization of up to \$10 million to be used before the end of this calendar year (December 31, 2024) or when the money is fully expended (whichever comes first).
 - The \$10 million figure represents roughly the difference between the 110% and 120% obligation targets.
 - There would be no fiscal impacts to projects programmed in FY 2024 but could mean less funding available in later years, depending on if projects at risk of dropping actually do or the estimated extension requests are higher or lower than predicted.

Parameters approved by the Missouri TPC:

Approval will be issued first-come, first-served, and the additional funds provision ends either when the \$10 million is expended or at the end of this calendar year, whichever comes first.

Only available for LPAs to be used on projects funded with Surface Transportation Block Grant Program (STP-S), Congestion Mitigation and Air Quality Improvement Program (CMAQ), or Transportation Alternative Program (TAP). Additional funding for CMAQ projects may be limited due to lower program balances.

Additional funding granted only for items in the approved application scope.

Additional funding for the construction phase only, and the request will occur during Bid Concurrence.

The increase is based on the federal matching percentage (for construction only) provided by the sponsor in the Transportation Improvement Program (TIP) application, not the rate in the program agreement.

One sponsor cannot receive more than \$3,000,000 in additional federal funds.

The amount for each eligible project will be no less than \$50,000 federal, and no more than \$1,000,000 federal.

Staff Recommendation:

Staff recommends approval of a temporary measure to increase funding on projects that are experiencing inflationary issues. This includes utilizing up to \$10 million to be used before the end of calendar year (December 31, 2024) or when the money is fully expended (whichever comes first).