

To: Transportation Committee
From: Sotoria Montanari, Program Manager
c: Rob Aloise, Director of Transportation Planning
Cara Radzins, Deputy Director of Transportation Planning
Date: April 12, 2024
Subject: LOTCIP Inflation-Based Funding Adjustments

The Transportation Committee reviewed the attached Inflation Based Funding Adjustments Memo (dated October 14, 2022) at the March 25, 2024 Transportation Committee Meeting and were in favor of extending the adjustments through April 2025.

Staff is seeking formal approval of extending the recommended adjustments outlined in the October 14, 2022 memo through April 2025.

To: CRCOG Transportation Committee
From: Sotoria Montanari, Program Manager
c: Mr. Rob Aloise, Director of Planning
Ms. Cara Radzins, Transportation Deputy
Date: October 14, 2022
Subject: LOTCIP Inflation-Based Funding Adjustments/Funding Hard Caps

According to CTDOT and FHWA, construction costs have risen over 20% since a year ago. Because the FY2022 LOTCIP applications were submitted almost a year ago, the Transportation Committee requested that staff review funding adjustment strategies for approved projects. Draft recommendations were discussed at a Special Cost Review Sub-Committee meeting held on October 11, 2022. Below are recommended adjustments endorsed by the Sub-Committee.

1) CRCOG Approved Projects Currently in the Application Phase

The FY2022 LOTCIP Solicitation applications are currently being reviewed by CRCOG consultants, and their unit prices will need to be adjusted for recent inflation. Under current LOTCIP guidelines, project cost increases of 20% or more would need Committee approval prior to receipt of a CTDOT Commitment to Fund (CTF) letter. Instead of presenting individual project application increases for Committee approval, **the Sub-Committee recommends a blanket 25% increase in cost estimates for all Committee-approved LOTCIP projects currently in the application phase.** The total increased approval amount for the FY2022 applications would be approximately \$9M.

2) Projects Currently in the Design Phase

Staff met with CTDOT on September 29, 2022 to discuss unit cost increases and funding increase requests during the design phase. Currently, any increases of 20% or over need both CRCOG Committee and CTDOT approval. **The Sub-Committee recommends revising this percentage to 30% for CRCOG Committee approval and maintaining 20% increases for CTDOT approval. CRCOG staff will provide updates in the LOTCIP quarterly reports.**

3) Projects Currently in the Bidding Phase

The September 25, 2017, Transportation Committee meeting minutes reflected the following:

- *If a bid is up to 20% over the engineer's estimate, a municipality will comply with CTDOT's policy, but it will not be necessary to request the Cost Review Sub-Committee's approval.*
- *If a bid is 20%-25% over the engineer's estimate, CRCOG staff will work with the municipality to help mitigate costs. CRCOG staff will decide in the best interest of the town and the LOTCIP program. **The Sub-Committee recommends revising this from "between 20% and 25%" to "between 20% and 40%".***
- *If the bid is 25% or more over the engineer's estimate, the Cost Review Sub-Committee will review and act on the overage, if substantial, as it may affect the overall program. **The Sub-Committee recommend revising this percentage to 40%.***

4) Projects with Approved Funding Hard-Caps

Historically, substantial LOTCIP funding increases reaching \$3.9M or more have been approved with the caveat of implementing a Hard-Cap on funding at that approved level. This has resulted in different cap levels for the few projects that have reached these levels. With the current inflationary environment, it is anticipated that many additional projects may exceed \$3.9M. In recognition of the current environment, and to resolve the current CRCOG funding cap inconsistency, **the Sub-Committee recommends increasing current Hard-Caps to a consistent \$5.5M, while striving to maintain this hard-cap for future projects seeking funding approvals beyond this level.**

Sub-Committee recommends Transportation Committee approval of the above changes for an 18-month duration.