

**ACTION TRANSMITTAL No. 2018-62**

**DATE:** December 12, 2018  
**TO:** Transportation Advisory Board  
**PREPARED BY:** Joe Barbeau, Senior Planner (651-602-1705)  
Steve Peterson, Manager of TAB/TAC Process (651-602-1819)  
**SUBJECT:** 2018 Regional Solicitation Program Flexibility Level Percentage  
**REQUESTED ACTION:** Council staff requests that TAB identify the level of program flexibility (i.e., overprogramming) to be shown in the 2018 Regional Solicitation funding scenarios.

**BACKGROUND AND PURPOSE OF ACTION:** As part of the 2018 Regional Solicitation process, Council staff requests direction on the percentage of program level flexibility (i.e., overprogramming) that should be shown in the funding scenarios to be provided to the technical committees. The draft scenarios assume a program level flexibility of 8%. During the four years from project selection to construction, some projects withdraw due to a variety of reasons (e.g., public feedback, local match no longer being available, etc.), or change their approved scopes (i.e., scope changes) and ultimately return funds back to the region for redistribution. In addition, there is the potential for new funds to come to the region through increased federal funding or August redistribution (i.e., other states return federal funds that they cannot use, and these funds are redistributed).

Giving project sponsors certainty that their projects will be funded at this early stage during the Regional Solicitation project selection ensures that sponsors will continue developing the projects. When projects drop out of the program or more funds come to the region, additional projects are then ready to absorb the new funding and construct their projects in a timely manner. It often takes several years to develop a federally funded project and it is extremely difficult for a project sponsor to construct a new project in a short amount of time using the federal funds.

At the November 29, 2018, TAC Funding & Programming meeting, the group was in favor of overprogramming at the same level as the last funding cycle (no input was provided on whether there was a preference between 8% and 10% since this motion was made a week later at TAC). However, TAC Funding & Programming wanted Council staff to be clearer with applicants that some selected projects may have to either be delayed or receive delayed reimbursement if not enough projects drop out of the program. For the 2019 program year, MnDOT Metro District State-Aid, who help administer most of the federally funded projects, asked for volunteers to delay their projects one year. Several projects volunteered to be delayed, thereby giving them more time to work with the stakeholders on the final designs.

In the 2016 funding cycle (for program years 2020 and 2021), a program level flexibility of 8% was approved by TAB. If a similar level of program level flexibility was approved for the 2018 cycle, the total federal funds available would increase from \$179 million to \$194 million.

At the December 5, 2018, TAC meeting, the TAC requested that Council staff show the potential effect of increasing program level flexibility from 8% to 10% in order to fund more projects. Approximately \$3 million is shown (for illustrative purposes) in the funding scenario tables with yellow shading to depict the general impact of this extra funding. The total funding available would be approximately \$197 million. The new, incremental \$3M is shown to be primarily added as partial funding on large roadway projects. This was done since roadways as a mode was slightly below the 58% target midpoint. In addition, many of the projects could accept partial funding as they have already received partial funding from other competitive sources. The concept of partial funding of projects is a change in approach as scenarios have generally shown full funding of project requests given the nearly \$200 million available.

**RELATIONSHIP TO REGIONAL POLICY:** The Regional Solicitation is a key responsibility of the TAB. Through this process, federal funds can be directed to a variety of locally-initiated projects that address transportation problems and help implement regional transportation and development policies. The Regional Solicitation is part of the Metropolitan Council's federally required continuing, comprehensive and cooperative transportation planning process for the Twin Cities Metropolitan Area.

**STAFF ANALYSIS:** In discussions with staff at MnDOT Metro District State-Aid, they were in favor of continuing a similar level of program level flexibility as in the past. They did not provide a preference between 8% or 10% program level flexibility.

The risk with increasing program level flexibility from 8% to 10% is that it may result in less funding being available for new projects in the 2020 Regional Solicitation cycle (if other projects do not drop out or new funding does not come to the region). In the last few cycles, project sponsors have been better at delivering projects and fewer projects have been returning funds to the region. If this positive trend continues, then there will be less need to overprogram. However, the major variable that is difficult to plan for is the infusion of new federal funding from a future federal transportation bill. The program years currently being selected (2022 and 2023) are outside of the current federal transportation bill, so funding levels were held constant at the levels available in the 2016 Regional Solicitation.

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**ROUTING**

TO	ACTION REQUESTED	DATE COMPLETED
Transportation Advisory Board	Review & Adopt	-