

INFORMATION ITEM

DATE: July 13, 2021
TO: Transportation Advisory Board
PREPARED BY: Cole Hiniker, Multimodal Planning Manager
SUBJECT: 2022 Regional Solicitation: Transit Policy Decisions Background

The 2020 Regional Solicitation saw several policy decisions that changed the transit modal funding category. These changes were developed and recommended by the 2019 TAB Policy Work Group and ultimately adopted by TAB. The Policy Work Group met 8 times during 2019 to discuss the issues and recommendations to go back to the full TAB. This memo summarizes the recommendations and provides insights on how the recommendations impacted TAB's project selection during the 2020 Regional Solicitation and potential impacts moving forward.

Bus Rapid Transit Policy Decisions

Identified Need/Problem:

Bus rapid transit (BRT) projects are larger scale, high-priority projects that the Regional Solicitation did not effectively fund with the past structure. Under the past structure, arterial bus rapid transit projects were the top-scoring projects in the transit expansion and modernization application categories, often by wide margins, indicating these projects best achieve the Regional Solicitation values. Selected applications for arterial BRT projects averaged about \$25 M per cycle over the previous three Regional Solicitations (2014, 2016 and 2018).

Arterial BRT projects do not have other dedicated or reliable funding sources as do the large dedicated transitway projects that typically receive 50% federal funding through the federal New Starts grant program, While the past Regional Solicitation structure funded a number of arterial BRT projects, for each individual line it only funded a small percentage of the total cost due to the \$7 M federal award maximum. This led to a situation whereby a number of arterial BRT lines had received Regional Solicitation funding, but the projects remained only partially funded in total.

Past stakeholder feedback indicated a desire to not have other transit projects compete with these high-scoring bus rapid transit applications, and indicated frustration that the structure resulted in incremental and inefficient project delivery. In addition, early evaluations of the A Line and C Line arterial bus rapid transit projects outcomes indicated that these types of transit improvements result in a high return on investment for TAB in terms of ridership growth, far outpacing other transit project's ridership outcomes in the transit modal category.

During the 2020 Solicitation work, concerns were also raised about all bus rapid transit (BRT) projects (dedicated, arterial and highway BRT together) securing too large of a share of the total transit modal funding allotment because other projects generally were not able to compete with BRT projects in the technical scoring process. There was a stated desire to limit total BRT funding overall in order to ensure that a variety of transit projects would be selected and recognizing that not all parts of the region are planning BRT projects. Limiting the BRT investment could also help TAB achieve its goal of regional balance of investment.

The TAB Policy Workgroup finalized its recommendations for the 2020 Solicitation transit structure based on trying to accomplish the following four principles:

- Fund one arterial BRT project that could be fully funded and implemented in an efficient manner.
- Remove arterial BRT projects from the other transit application categories to allow other transit projects, including other types of BRT projects to compete more effectively against one another.
- Provide a guarantee of funding for a transit project outside of the urban core.
- Provide an overall increased level of funding for transit projects in recognition of the high demand and desire for these types of projects.

The first two bullets resulted in the actions described below, while actions implemented to accomplish the second two principles are addressed later in this memo.

TAB Action:

The TAB Policy Workgroup recommended the following actions related to BRT in the Regional Solicitation:

- Exclude arterial BRT applications in the Transit Expansion and Transit Modernization categories and instead set aside up to \$25 M for one arterial BRT project. Metro Transit would complete its Network Next process, which included a prioritization of the next arterial BRT projects to be implemented within the region. The Network Next results would be presented to TAB along with a recommendation on a project to potentially receive the arterial BRT funding. TAB would make a final decision on the arterial BRT project and the funding amount at the time it selected the other Regional Solicitation projects.
- All other BRT projects (improvements on existing BRT lines, highway BRT, and dedicated or New Start BRT projects) would compete in the Transit Expansion or Transit Modernization categories and be subject to the category maximum funding amount of \$7 M per project application.
- To assure that non-BRT transit projects continued to compete and receive funding, no more than \$32 M would be allocated to BRT projects in total, including the selected arterial BRT project and any other high-scoring BRT projects in the other application categories.

For the final 2020 Regional Solicitation design, TAB adopted the recommendations of the Policy Workgroup.

Benefit/Impact of BRT Decisions:

The impacts of the two policy decisions are summarized in Table 1 below. For the arterial BRT category, TAB recommended that \$25 M be set aside and awarded to the yet to be identified F Line. Prior to the Solicitation final project selection, TAB received three updates on the Network Next corridor prioritization process and was made aware of the F, G, and H line recommendations early in the process. The Network Next process resulted in identifying the F

line along Central and University Avenues in Hennepin and Anoka counties and as part of the Solicitation funding decisions \$25 M was awarded to this project.

Figures 1 and 2 show the list of project applications in the 2020 Regional Solicitation expansion and modernization transit application categories with the selected projects indicated with orange shading in the column labeled “1B: Each County Gets a Project, Partial Funding.” Under the adopted funding scenario, a number of high scoring bus rapid transit project applications were skipped over as a result of TAB’s adopted policy to limit total BRT funding to a maximum of \$32 million. The top-ranked expansion project and two modernization projects were skipped since after the \$7 M available for other BRT projects was committed to the top-ranked modernization project. This rule did contribute to three additional non-BRT projects being funded for three different applicants, Metro Transit, SouthWest Transit, and MVTA. The three projects also were a wide variety of project types, from a service expansion project to bus garage modernization.

Midpoint Increase for Transit Modal Category Policy Decision

Identified Need/Problem:

With the previously discussed BRT policy decisions, the TAB Policy Workgroup recognized that there would be limited funding available for non-BRT transit projects in the Regional Solicitation. If the previous transit range and midpoints were used, \$49 M was assumed to be available for transit in the 2020 Regional Solicitation. Of this amount, \$25 M would go to arterial BRT, up to \$7 M to other BRT projects, and \$7 million to TDM/TMOs. This would’ve left as little as \$10 M for non-BRT projects in the Transit Expansion and Transit Modernization application categories. More funding was needed to allow for a wider range of transit project types and applicants in the Regional Solicitation.

TAB Action:

The TAB Policy Workgroup recommended increasing the midpoint of the modal funding range for transit application categories by \$5 M to allow at least two non-BRT projects (of \$7 M) to be funded within the transit applications with the remaining \$14 M - \$15 M after accounting for \$7 M for TDM/TMOs, \$25 M for arterial BRT, and \$7M for other BRT (and assuming that a BRT project scored high enough to be funded in the competitive transit categories).

For the final 2020 Regional Solicitation design, TAB adopted the recommendations of the Policy Workgroup and the funding range midpoints were reduced for Roadways by \$4 M and for Bike/Ped by \$1 M.

Benefit/Impact:

The decision to shift the transit midpoint up by \$5 M was a factor in the funding scenarios but the shift was ultimately cancelled out by the overprogramming allocations to roadway and bike/ped projects. No overprogramming was applied to the transit modal category. The modal funding split for transit ended up the same as the midpoint amount for transit prior to the \$5 M funding shift.

New Transit Market Guarantee Policy Decision

Identified Need/Problem:

Projects that attempt to serve new markets have difficulty competing against proven transit markets because of the scoring structure in the Transit Expansion category. Stakeholder input indicated that geographic balance of transit projects is a concern, as projects in suburban areas

do not compete well, particularly against bus rapid transit projects mostly focused on the urban core.

TAB Action:

The TAB instituted a policy that guarantees as least one transit project serves Transit Market Areas 3, 4, or 5. Transit Market Areas were chosen over other possible definitions because they are defined specifically based on transit demand and they are neutral to potential applicants and political subdivisions. The majority of transit service and trips are in Transit Market Areas 1 and 2, so it was believed that this would expand transit options to new markets, particularly in the suburban parts of the region.

Benefit/Impact:

As seen in Figures 1 and 2, nearly all projects in the 2020 Regional Solicitation have some portion of the project in Transit Market Areas 3, 4, or 5. Only 4 out of 19 projects did not meet this requirement, thus the New Market Guarantee was easily satisfied in all funding scenarios that were brought forward to TAB. The F Line arterial BRT project also serves Transit Market Area 3 and thus would have satisfied the New Market Guarantee as well. It is not known whether this guarantee influenced the types of project applied for, but removing arterial BRT projects from Transit Expansion and Transit Modernization likely led to a more geographically disperse set of transit applications. Since this was TAB's intent with the New Market Guarantee, it can likely be considered a success.

Table 1 – Impacts of 2020 Solicitation Transit Policy Decisions

| Policy Decision | Impacts |
|---|---|
| \$25 Million Arterial BRT Set-aside | <ul style="list-style-type: none"> + Provided substantial funding for full F Line project + Removed arterial BRT from applying and competing in expansion and modernization, allowing for more competition + Provided TAB a substantial voice in Network Next planning and corridor prioritization - Limited funding available for other projects |
| \$32 Million BRT Maximum | <ul style="list-style-type: none"> + Allowed non-BRT transit projects to receive funding + Funded two suburban provider projects that likely would not have otherwise been funded - Required skipping over the top-scoring transit expansion project since maximum was met by funding the top-scoring transit modernization project. - Required skipping over two BRT projects in Transit Modernization which scored higher |
| \$5 Million Midpoint Increase for Transit Modal Category | <ul style="list-style-type: none"> + Allowed an additional transit expansion project to be funded - Overprogramming funding was not applied to increase transit funding, so transit ultimately ended up at the same proportion as previous solicitations; an additional SouthWest Transit project could have been funded or partially funded |
| New Transit Market Guarantee | <ul style="list-style-type: none"> + 15 of the 19 projects submitted for Transit Expansion and Transit Modernization served Transit Market Areas 3, 4 or 5. Four of these projects were funded. + Selected arterial BRT project, the F Line, also satisfied the New Market Guarantee |

Figure 1 - 2020 Transit Expansion Project List

| Transit Expansion | | | | | | | | | | | | | |
|-------------------|-------|-------------------|----------------------|--|-----|---------|---|---|-------------------|-------------|-----------------|--------------------|--------------|
| Rank | ID | Applicant | County | City | BRT | New Mkt | Project Name | 1B: Each County Gets a Project, Partial Funding | Federal Requested | Local Match | Total Proj Cost | Federal Cumulative | Total Scores |
| 1* | 14365 | Washington Co | Washington | Woodbury | ✓ | ✓ | I-494 Park & Ride Structure in Woodbury | Skip due to BRT maximum | \$7,000,000 | \$8,170,946 | \$15,170,946 | \$7,000,000 | 852 |
| 2 | 14176 | Metro Transit | Hennepin | Minneapolis, St. Louis Park, Hopkins | | | Route 17 Service Improvement in Minneapolis, St. Louis Park, and Hopkins | | \$2,511,123 | \$627,781 | \$3,138,904 | \$9,511,123 | 607 |
| 3 | 14173 | Metro Transit | Hennepin, Ramsey | Bloomington, St. Paul | | ✓ | Route 54 Service Improvement in St. Paul and Bloomington | | \$1,762,070 | \$440,518 | \$2,202,588 | \$11,273,193 | 589 |
| 4 | 14298 | Metro Transit | Hennepin | Minneapolis, Golden Valley, Plymouth | | ✓ | New Route 757 Limited Stop in Minneapolis, Golden Valley, and Plymouth | \$8,942,679 | \$4,669,486 | \$1,167,372 | \$5,836,858 | \$15,942,679 | 566 |
| 5 | 14024 | SouthWest Transit | Hennepin | Eden Prairie, Maple Grove, Plymouth, Minnetonka | | ✓ | I-494 North SW Prime Service in Eden Prairie, Minnetonka, Plymouth, and Maple Grove | | \$5,600,000 | \$1,400,000 | \$7,000,000 | \$21,542,679 | 555 |
| 6 | 14340 | MVTA | Hennepin, Dakota | Minneapolis, Mendota Heights, Eagan | | ✓ | Route 436 Expansion - Viking Lakes in Eagan, Mendota Heights, and Minneapolis | | \$2,600,000 | \$650,000 | \$3,250,000 | \$24,142,679 | 495 |
| 7 | 14146 | Metro Transit | Washington, Hennepin | Stillwater | | ✓ | New Route 274 Express in Stillwater and Minneapolis | | \$1,321,553 | \$330,388 | \$1,651,941 | \$25,464,232 | 453 |
| 8 | 14296 | Metro Transit | Hennepin, Ramsey | Minneapolis, St. Paul | | | Route 23 Service Improvement in Minneapolis and St. Paul | | \$3,018,668 | \$754,667 | \$3,773,336 | \$28,482,901 | 337 |
| 9 | 14178 | Metro Transit | Ramsey, Washington | 7 Cities | | ✓ | Route 219 Service Improvement in Maplewood, White Bear Lake, Mahtomedi, North St. Paul, Oakdale, Landfall, and St. Paul | | \$1,750,320 | \$437,580 | \$2,187,900 | \$30,233,221 | 328 |
| 10 | 14330 | SouthWest Transit | Hennepin, Carver | Eden Prairie, Chaska, Chanhassen, Carver, Victoria | | ✓ | SouthWest Transit Golden Triangle Mobility Hub in Eden Prairie, Chaska, Chanhassen, Carver, Victoria | | \$4,055,200 | \$1,013,800 | \$5,069,000 | \$34,288,421 | 295 |

Figure 2 – 2020 Transit Modernization Project List

| Transit Modernization | | | | | | | | | | | | | |
|-----------------------|-------|-------------------|--------------------------|--------------|-----|---------|--|---|-------------------|-------------|-----------------|--------------------|--------------|
| Rank | ID | Applicant | County | City | BRT | New Mkt | Project Name | 1B: Each County Gets a Project, Partial Funding | Federal Requested | Local Match | Total Proj Cost | Federal Cumulative | Total Scores |
| 1* | 14392 | Metro Transit | Ramsey | St. Paul | ✓ | | Gold Line Ramsey Washington Saint Paul Downtown Modernization | | \$7,000,000 | \$3,500,000 | \$10,500,000 | \$7,000,000 | 721 |
| 2 | 14357 | Metro Transit | Regional | Regional | | | Bus Farebox Upgrade for All Regional Transit Providers | | \$7,000,000 | \$1,750,000 | \$8,750,000 | \$14,000,000 | 637 |
| 3 | 14078 | Dakota Co | Dakota | Apple Valley | ✓ | ✓ | 140th Red Line Pedestrian Bicycle Overpass in Apple Valley | Skip due to BRT maximum | \$2,400,000 | \$600,000 | \$3,000,000 | \$16,400,000 | 610 |
| 4 | 14171 | MVTA | Dakota | 7 Cities | | ✓ | Burnsville Bus Garage (BBG) Modernization | | \$2,800,000 | \$700,000 | \$3,500,000 | \$19,200,000 | 604 |
| 5 | 14084 | Apple Valley | Dakota | Apple Valley | ✓ | ✓ | Apple Valley Red Line BRT 147th Street Station Skyway | Skip due to BRT maximum | \$3,810,400 | \$952,600 | \$4,763,000 | \$23,010,400 | 602 |
| 6 | 14191 | SouthWest Transit | Carver | Chaska | | ✓ | Signal Prioritization at East Creek Park and Ride in Chaska | \$17,243,520 | \$443,520 | \$110,800 | \$554,320 | \$23,453,920 | 582 |
| 7 | 14076 | SouthWest Transit | Carver | Chanhassen | | ✓ | Solar Array at SouthWest Village in Chanhassen | | \$4,840,000 | \$1,210,000 | \$6,050,000 | \$28,293,920 | 436 |
| 8 | 14190 | MVTA | Dakota, Hennepin, Scott | 7 Cities | | ✓ | Burnsville Transit Station (BTS) Modernization-Elevator Installation | | \$656,000 | \$164,000 | \$820,000 | \$28,949,920 | 411 |
| 9 | 14295 | MVTA | Dakota, Hennepin, Ramsey | 7 Cities | | ✓ | Eagan Transit Station (ETS) Modernization-Elevator Installation | | \$440,000 | \$110,000 | \$550,000 | \$29,389,920 | 247 |