

INFORMATION ITEM

DATE: July 15, 2021
TO: Transportation Advisory Board
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SUBJECT: 2022 Regional Solicitation: Funding Categories and Minimum and Maximum Awards

Federal Minimum and Maximum Awards

Feedback collected during and following the 2020 Regional Solicitation points to potential the need to revisit the federal minimum and maximum awards for each category. The below table shows the funding categories and federal maximum and minimum award amounts used for the 2020 Regional Solicitation.

Table 1: Application Federal Maximum and Minimum Awards

Modal Application Categories	Minimum Federal Award	Maximum Federal Award
Roadways Including Multimodal Elements		
• Traffic Management Technologies (Roadway System Management)	\$250,000	\$3,500,000
• Spot Mobility and Safety	\$1,000,000	\$3,500,000
• Strategic Capacity (Roadway Expansion)	\$1,000,000	\$10,000,000
• Roadway Reconstruction/ Modernization	\$1,000,000	\$7,000,000
• Bridge Rehabilitation/Replacement	\$1,000,000	\$7,000,000
Transit and TDM Projects		
• Arterial Bus Rapid Transit Project	N/A	\$25,000,000
• Transit Expansion	\$500,000	\$7,000,000
• Transit Modernization	\$500,000	\$7,000,000
• Travel Demand Management (TDM)	\$100,000	\$500,000
Bicycle and Pedestrian Facilities		
• Multiuse Trails and Bicycle Facilities	\$250,000	\$5,500,000
• Pedestrian Facilities	\$250,000	\$1,000,000
• Safe Routes to School (Infrastructure Projects)	\$250,000	\$1,000,000

The maximum federal funding amounts exist primarily to enable the spread of funds to a larger number of projects. The minimum federal amounts exist primarily to prevent the inefficient use of federal funding as small projects can be overburdened by federal requirements and the extra costs associated therein. The setting of maximum and minimum awards can also impact the number and geographic spread of funded projects. Increased maximum and minimum awards could reduce the number of funded projects.

Minimum Federal Awards

Some minimum federal award amounts changed marginally from 2018 to 2020, including increasing the minimum amount in Transit Modernization from \$100,000 to \$500,000. Recent discussion at TAC has suggested that the funding of 56 smaller projects is not as impactful or efficient as funding a smaller number of larger projects. Increasing the minimum award is one way to address this concern. This would be most impactful in the three bicycle and pedestrian categories, which saw six projects under \$500,000 funded in 2020. These small projects expanded the geographic spread of the program, as they are located in Columbia Heights, Mahtomedi, Grant Township (Washington Co.), Inver Grove Heights, Oakdale, and Burnsville.

One potential opportunity area would be to increase Multiuse Trails and Bicycle Facilities minimum award from \$250,000 to \$500,000. There was also one small project funded in Transit Modernization, in Chaska.

In roadways, increasing the Traffic Management Technologies minimum award from \$250,000 to \$1,000,000 may be considered by the committees (there were no applications submitted in this category below \$1,000,000 in 2020). This potential change would make Traffic Management Technologies and Spot Mobility and Safety the same in terms of minimum and maximum awards.

Funding & Programming Committee Comments

- There is viability in increasing the minimum federal funding amount for Traffic Management Technologies from \$250,000 to \$1 million, particularly given that applications tend to be at least \$1 million.
- There is support for raising the minimum for the Multiuse Trails and Bicycle Facilities category to \$500,000 even though one project from the category was funded for lower than that in 2020, though TAC members expressed more concern with the impact on smaller communities.
- Members did not favor increasing the minimum award for Safe Routes to School since these tend to be smaller projects and a way to include cities in the funding process as applicants.

Technical Advisory Committee Comments

- Low-cost projects are inefficient due to federal requirements, which could be mitigated by increased use of removing federal funds from projects.

Maximum Federal Awards

Among previously established funding categories, only two maximum federal award amounts were changed from 2018 to 2020. The Traffic Management Technologies maximum award was reduced from \$7M to \$3.5M and the Strategic Capacity maximum award was increased from \$7M to \$10M. The rationale for the latter is that project costs are increasing. It can be difficult to generate local funds, along with several other competitive sources, needed for the match in order to deliver these regional projects (mostly new interchanges). With project costs exceeding \$30M for a new interchange, the increase to \$10M was intended to pay for about one-third of the total project cost. Of the 17 applications submitted in the Strategic Capacity category in 2020, 11 were

for amounts higher than the previous \$7M maximum, including seven at the full \$10M. All seven funded projects requested¹ more than that, including six at the full \$10M.

Funding & Programming Committee Comments

- No interest in changes was expressed

Technical Advisory Committee Comments

- The \$10 million maximum for Strategic Capacity shifted the funding balance in roadways to strategic capacity. The preferred solution was to increase the maximum in Roadway Reconstruction/ Modernization to \$10 million as opposed to bringing the Strategic Capacity maximum back to \$7 million.
- The \$1 million federal maximum award for the Pedestrian category is low, given the impacts these projects can have on catch-basins and storm sewers.

Beyond the potential changes discussed above, no other changes to the federal minimum and maximum awards are anticipated at this time.

¹ Two projects were awarded \$7M; partial funding to enable additional geographic balance.