

**ACTION TRANSMITTAL No. 2021-07**

**DATE:** October 6, 2021

**TO:** Transportation Advisory Board

**FROM:** Technical Advisory Committee

**PREPARED BY:** Joe Barbeau, Senior Planner ([joseph.barbeau@metc.state.mn.us](mailto:joseph.barbeau@metc.state.mn.us))  
Steve Peterson, Manager of Highway Planning ([steven.peterson@metc.state.mn.us](mailto:steven.peterson@metc.state.mn.us))  
Elaine Koutsoukos, TAB Coordinator ([elaine.koutsoukos@metc.state.mn.us](mailto:elaine.koutsoukos@metc.state.mn.us))

**SUBJECT:** Federal Funds Redistribution Amount for Metro Transit's I-94 / Manning Avenue Park-and-Ride Lot.

**REQUESTED ACTION:** Metro Transit requests retention of \$2,775,641 in federal funds from a 2013 CMAQ award for the purchase of four buses used for express service in the I-94 East corridor and park-and-ride development expenses, and return of the remaining \$4,504,359 in federal funds for redistribution.

**RECOMMENDED MOTION** That the Transportation Advisory Board allow Metro Transit to retain \$2,235,600 in federal funds from a 2013 CMAQ award for the purchase of four buses used for express service in the I-94 East and return of the remaining \$5,044,400 in federal funds for redistribution.

**BACKGROUND AND PURPOSE OF ACTION:** In the 2009 Regional Solicitation, Metro Transit was awarded \$7,280,000<sup>1</sup> in CMAQ (program year 2013) funding for I-94 express service, purchase of buses and construction of a 550-space park & ride facility near Manning Avenue (TH 95) and I-94 in Woodbury.

The original project cost breakdown is shown in Table 1.

**Table 1: Cost Breakdown**

<b>Project Component</b>	<b>Units</b>	<b>Total Cost (2009 \$)</b>
Property Acquisition	3 Acres	\$1,000,000
Facility	550 stalls	\$8,250,000
Articulated Buses	Three 40-foot Buses	\$1,220,706
Demonstration Service	Three Years	\$958,117
<b>Total</b>	<b>-</b>	<b>11,428,823</b>

\*\$7,280,000 federal and \$4,428,823 non-federal

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<sup>1</sup> The application requested \$7,000,000. The federal total increased to \$7,280,000 because in 2009, a small inflation factor was added to the original federal application amount.

The 2013-2016 Transportation Improvement Program (TIP) separated the items into four project line items, shown in Table 2. At which time the local over match was also reduced lowering the project total to \$9.1 million.

**Table 2: Award in the 2013-2016 TIP**

<b>Project</b>	<b>Total Cost</b>	<b>Federal Funds</b>	<b>Other Funds</b>
Park-and-Ride Land Acquisition, Design & Phase I Construction (2013)	\$4,435,350	\$3,548,280	\$887,070
Park-and-Ride Phase II Construction (2014)	\$912,033	\$729,626	\$182,407
Four 60-foot Buses (2014)	\$2,794,000	\$2,235,600	\$558,900
Express Service (2014)	\$958,117	\$766,494	\$191,623
<b>Total</b>	<b>\$9,100,000</b>	<b>\$7,280,000</b>	<b>\$1,820,000</b>

Metro Transit purchased the four 60-foot buses, received in 2015. The buses were used for express service in the I-94 East corridor (Route 375 serving the Guardian Angels Park & Ride), for which the service was locally funded. Metro Transit also spent \$540,041 in federal funding on the Manning park-and-ride lot development expenses. The project experienced multiple delays, including a 2014 decision to delay the project pending the Gateway Corridor EIS process and subsequent delays in project approvals. In addition, during the years of project development, park-and-ride demand in the corridor weakened, with demand peaking in 2014, followed by a significant decline since the onset of the pandemic. Therefore, in late 2020, Metro Transit decided that a new park-and-ride lot and new express service were no longer needed at this location in the near-term.

In order to close out the federal grant and return the remaining funding to the region, Metro Transit sent a letter (attached) to TAB Chair Hovland on November 11, 2020 notifying TAB of its decision to cancel the project and return the remaining funds. On May 11, 2021, TAB Chair Hovland sent a letter (attached) to the Federal Transit Administration (FTA) acknowledging that Metro Transit purchased the four buses and operated express transit service using local funds and that the I-94 & Manning Park & Ride and new commuter bus service is no longer needed. The FTA asked for TAB approval of the partial use of the federal funds for the bus purchase and park-and-ride lot development expenses. On August 20, 2021, Metro Transit sent a letter (attached) to TAB Chair Hovland asking that it be allowed to retain \$2,775,641 in spent federal funds and return the remaining \$4,504,359 in unspent federal CMAQ funding to the region.

**RELATIONSHIP TO REGIONAL POLICY:** TAB develops and issues a Regional Solicitation for federal funding. Projects funded through the Regional Solicitation are subject to a scope change policy, though given the length of time that has passed and the unique circumstances surrounding this project, this project is not being reviewed against other 2009 projects.

**STAFF ANALYSIS:** Highway and bicycle/pedestrian project sponsors work with MnDOT Metro District State-Aid and transit providers work with Metro Transit's federal grants manager to assure that projects are either done as applied for or work through the scope change process to determine whether a project can change from its application and/or whether any federal funding must be returned. When the project was awarded 11 years ago the transit project oversight processes were not well established. Council staff has worked with Metro Transit staff in recent years to improve their understanding of the relationship between Regional Solicitation funds and

project implementation requirements, but most of the activity on this project took place five to ten years ago. A request like this is unlikely to occur in the future.

Possible outcomes include:

1. Allow Metro Transit to retain the \$2,775,641 already spent on the project, leaving \$4,504,359 to be returned to the region for redistribution. This could also include retention of a lesser amount (i.e. only one of the two components that make up the \$2,775,641):
  - a) Retain \$2,235,600 spent on buses, which would result in a return of \$5,044,400.
  - b) Retain \$540,041 spent on park-and-ride development expenses, which would result in a return of \$6,739,959.
2. Require that the entire \$7,280,000 be returned to the region for redistribution.

Following the decision on how much funding will be returned to the region, staff will provide scenarios on how to spend that funding. It is anticipated that an action item will be presented to TAC Funding & Programming at its October meeting to redistribute federal funding to other transit project(s) that were not selected as part of the 2020 Regional Solicitation funding cycle.

**COMMITTEE COMMENTS AND ACTION:** At its September 16, 2021, meeting, the TAC Funding & Programming Committee, members voted unanimously to allow Metro Transit to retain \$2,235,600 in federal funds from a 2013 CMAQ award for the purchase of four buses used for express service in the I-94 East, and return of the remaining \$5,044,400 in federal funds for redistribution (Option 1a). Members were not comfortable allowing Metro Transit to retain funds used to develop a project (the park-and-ride) that did not come to fruition, as highway project sponsors are not able to retain such funds.

At its October 6, 2021, meeting, Technical Advisory Committee members voted to allow Metro Transit to retain \$2,235,600 in federal funds from a 2013 CMAQ award for the purchase of four buses used for express service in the I-94 East, and return of the remaining \$5,044,400 in federal funds for redistribution (Option 1a)

#### ROUTING

TO	ACTION REQUESTED	DATE SCHEDULED/COMPLETED
TAC Funding & Programming Committee	Review & Recommend	9/16/2021
Technical Advisory Committee	Review & Recommend	10/6/2021
Transportation Advisory Board	Review & Approve	10/20/2021



November 11, 2020

Mr. Jim Hovland  
Chair, Transportation Advisory Board  
Metropolitan Council  
390 North Robert Street  
Saint Paul, Minnesota 55101

Dear Mr. Hovland:

I am writing regarding the federal grant for the I-94 & Manning Park & Ride project. The project was awarded \$7,280,000 in federal CMAQ funds (federal grants MN-95-X038 and MN-95-X041) through the Regional Solicitation to acquire property, build 550 park-and-ride spaces, purchase buses, and fund demonstration express bus operations for three years in the I-94 east corridor between Manning Avenue and downtown Minneapolis in program years 2013, 2014.

Despite significant work to advance the project through a variety of challenges and delays, the I-94 and Manning Ave Park & Ride and a new commuter express service is no longer needed at this location. Factors contributing to this change include continued delays in project approvals, the decline of commuter express ridership pre-pandemic and more significantly during the pandemic, and the growing strategic importance of existing park-and-rides further west in Woodbury for the I-94 East transit market. This letter serves as our notice to return the remaining funds.

Expenditure of federal grant funds to date include the purchase of four 60' buses received in 2015 and added for I-94 east express routes, such as Route 375 serving the Guardian Angels Park & Ride, as well as eligible expenses for design work, real estate services, and staff time. Remaining federal grant funds, estimated to be \$4.4-4.5 million after project close out, will be returned to TAB.

Thank you for your support for this project.

Sincerely,

A handwritten signature in black ink that reads 'Marilyn J Porter'.

[Marilyn J Porter \(Nov 11, 2020 14:44 CST\)](#)

Marilyn Porter  
Director of Engineering and Facilities

cc: Elaine Koutsoukos

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# Transportation Advisory Board

of the Metropolitan Council of the Twin Cities

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Freight

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Non-motorized

May 11, 2021

Bill Wheeler  
Community Planner  
Federal Transit Administration  
200 W. Adams Street, Suite 320  
Chicago, IL 60606

Dear Mr. Wheeler,

TAB selected the Manning Avenue project (CMT0905) to receive funding in the 2009 Regional Solicitation. The project was awarded \$7,280,000 in federal CMAQ funds (federal grants MN-95-X038 and MN-95-X041) for a \$11,428,823 project that included a 550-space park-and-ride lot, three buses, and transit operations. The project was approved in the 2011-2014 TIP.

On August 15, 2012, TAB approved the 2013-2016 TIP, which separated the project into four line items and increased the number of buses to four buses, [Transportation Advisory Board \(metrotransit.org\)](http://metrotransit.org).

	Project Total	FHWA	Other
P&R Phase I	4,435,350	3,548,280	887,070
P&R Phase II	912,033	729,626	182,407
Four buses	2,794,500	2,235,600	558,900
Express Service	958,117	766,494	191,623
	9,100,000	7,280,000	1,820,000

Metro Transit purchased the four buses and operated express transit service using local funds. With the various challenges and delays indicated by Metro Transit, it is acknowledged that the I-94 and Manning Avenue Park & ride and new commuter bus service is no longer needed at this location.

If you have any questions, please contact me at [jhovland@hovlandrasmus.com](mailto:jhovland@hovlandrasmus.com) or through the TAB Coordinator Elaine Koutsoukos at [elaine.koutsoukos@metc.state.mn.us](mailto:elaine.koutsoukos@metc.state.mn.us).

Sincerely,

*James B. Hovland*

James B. Hovland (May 12, 2021 09:44 CDT)

James Hovland, Chair  
Transportation Advisory Board





August 20, 2021

Mr. Jim Hovland  
Chair, Transportation Advisory Board  
Metropolitan Council  
390 North Robert Street  
Saint Paul, Minnesota 55101

Dear Mr. Hovland:

I am writing regarding the federal grant for the I-94 & Manning Park & Ride project, federal grants MN-95-X038 and MN-95-X041. The project was awarded \$7,280,000 in federal CMAQ funds through the Regional Solicitation to acquire property, build 550 park-and-ride spaces, purchase buses, and fund demonstration express bus operations for three years in the I-94 east corridor between Manning Avenue and downtown Minneapolis in program years 2013, 2014.

Expenditure of federal CMAQ grant funds to date includes the purchase of four 60' buses received in 2015 and added for I-94 east express Route 375 serving the Guardian Angels Park & Ride, and eligible expenses for preliminary engineering and design and pre-acquisition real estate services.

Despite significant work to advance the project through a variety of challenges and delays, not seeing a reasonable path forward, Metro Transit decided in late 2020 to cancel the project and notified TAB of our intention to return the remaining CMAQ grant funds via a letter to you on November 11, 2020.

Based on subsequent communications with the Federal Transit Administration about closing out the grant, Metro Transit requests that TAB approves the expenditure of \$2,235,600 in CMAQ grant funds for the purchase of buses, which have been used in the same I-94 East corridor since 2015, and \$540,041 in CMAQ grant funds for eligible park-and-ride development expenses. With this approval, the \$4,504,359 in remaining CMAQ grant funds may be returned to TAB for reallocation to other projects.

This project has a complicated history over many years. A summary of the project history and funding is attached. Thank you for your support for this project.

Sincerely,

A handwritten signature in blue ink that reads 'Marilyn J Porter'.

Marilyn J Porter (Aug 20, 2021 15:00 CDT)  
Marilyn Porter

Director, Engineering and Facilities

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### I-94 & Manning Park & Ride Project History

TAB selected the Manning Avenue project (CMT0905) to receive funding in the 2009 Regional Solicitation. The project was awarded \$7,280,000 in federal CMAQ funds for a \$11,428,823 project that included a 550-space park-and-ride lot, three buses, and transit operations. The project was approved in the 2011-2014 TIP.

On August 15, 2012, TAB approved the 2013-2016 TIP, which separated the project into four line items and increased the number of buses to four buses:

Description	Project Total	FHWA	Other
CMAQ: ON I-94 NEAR MANNING AVE IN LAKE ELMO-PARK & RIDE LAND ACQUISITION, DESIGN & PHASE 1 CONSTRUCTION	\$4,435,350	\$3,548,280	\$887,070
CMAQ: ON I-94 NEAR MANNING AVE IN LAKE ELMO-PARK & RIDE PHASE II CONSTRUCTION	\$912,033	\$729,626	\$182,407
CMAQ: ON I-94 NEAR MANNING AVE IN LAKE ELMO-FOUR 60 FT BUSES FOR EXPRESS SERVICE	\$2,794,500	\$2,235,600	\$558,900
CMAQ: ON I-94 NEAR MANNING AVE IN LAKE ELMO-EXPRESS SERVICE FOR 3 YEARS	\$958,117	\$766,494	\$191,623
<b>Total</b>	<b>\$9,100,000</b>	<b>\$7,280,000</b>	<b>\$1,820,000</b>

Since 2013, the project has experienced multiple delays. The original location identified for the park-and-ride was at the southwest intersection of I-94 and Manning Ave in the City of Woodbury. In a letter dated May 9, 2014, the City of Woodbury requested that "Metro Transit delay a decision on the Manning Avenue Area Park and Ride facility until an analysis of alignment options for the Gateway Corridor EIS is released. Anticipated release is the spring of 2016." The Woodbury site was also determined to be infeasible due to a realignment of Hudson Road that resulted in inefficient transit circulation and increased project cost.

In 2015 Metro Transit identified a new site at the northwest quadrant of I-94 & Manning Ave in the City of Lake Elmo. Metro Transit purchased four buses and began operating on I-94 East express Route 375 (Guardian Angels Park and Ride).

Between 2016 and 2019, Metro Transit coordinated with the City of Lake Elmo and the developer of the property to complete the design, environmental documentation, FTA submittals, preliminary real estate activities, and preliminary plat submitted by the developer.

There were additional delays during this time for the developer to obtain the necessary City approvals for Metro Transit being able to complete the property acquisition.

Unfortunately, during the years of project development, park-and-ride demand in the corridor weakened. Between 2004 and 2014, the I-94 east corridor park-and-ride market showed consistent growth serving downtown Minneapolis and St. Paul employment. However, park-and-ride usage and express bus ridership in the I-94 east corridor peaked in 2014, and ridership declined through early 2020.

With the onset of the COVID-19 pandemic in March 2020 and following Executive Orders to stay home and work remotely, if possible, most downtown offices closed temporarily, and many commuter express bus routes were

suspended. This further softened the commuter express market to the downtown office environment, reducing the need for additional parking programmed at Manning Avenue and I-94, near term.

Because commuters typically favor park-and-ride locations with frequent, all-day service, serving large market areas, we expect the park-and-ride at Woodbury Theatre (currently operating Route 353) will be more successful in attracting post-pandemic riders, especially once the Gold Line BRT station is developed in the Valley Creek Shopping Center area (future I-494 Station).

Due to these factors, in November 2020 Metro Transit informed the property owner that the Council was rescinding its offer to purchase the property, withdrawing its Conditional Use Permit (CUP) application for the site, and cancelled its engineering and design contract with SRF. Metro Transit notified TAB and FTA of its intention to cancel the project in November 2020 and January 2021, respectively.

**CMAQ Grant Budget, Expenditures, and Balance**

Project	Fund	Grant	Description	Total	BUDGET	
					Federal	Match
62222	8F5	MN-95-X038	CMAQ I-94 & Manning P&R	5,347,383	4,277,906	1,069,477
65402	8M7	MN-95-X041	2014 MT Buses CMAQ	2,794,500	2,235,600	558,900
44401	702	MN-95-X041	Operating Assistance	958,117	766,494	191,623
Total				9,100,000	7,280,000	1,820,000

Project	Fund	Grant	Description	Total	EXPENDITURES	
					Federal	Match
62222	8F5	MN-95-X038	CMAQ I-94 & Manning P&R	675,056	540,041	135,015
65402	8M7	MN-95-X041	2014 MT Buses CMAQ	2,794,500	2,235,600	558,900
44401	702	MN-95-X041	Operating Assistance	-	-	-
Total				3,469,556	2,775,641	693,915

Project	Fund	Grant	Description	Total	BALANCE	
					Federal	Match
62222	8F5	MN-95-X038	CMAQ I-94 & Manning P&R	4,672,327	3,737,865	934,462
65402	8M7	MN-95-X041	2014 MT Buses CMAQ	-	-	-
44401	702	MN-95-X041	Operating Assistance	958,117	766,494	191,623
Total				5,630,444	4,504,359	1,126,085