

ACTION TRANSMITTAL No. 2015-28

DATE: May 6, 2015
TO: Technical Advisory Committee
FROM: Steve Peterson, MTS Planning Analyst, 651-602-1819
SUBJECT: Policy Framework and Project Funding Options to Reallocate 2016 CMAQ Funds

REQUESTED ACTION: Council staff requests that the TAC recommend a policy alternative and if desired, project funding options for the reallocation of available 2016 CMAQ funds

RECOMMENDED MOTION: That the TAC recommend to TAB:

1. A policy alternative for the reallocation of available 2016 CMAQ funds based on the potential alternatives described in this action transmittal; and
2. A preferred 2016 CMAQ funds reallocation project funding option, i.e. A1 or A2, if Scenario A Mid-Range Funding Scenario is approved by TAB, or B1/C1 or B2/C2 if either Scenario B Roadway Expansion-Heavy or Scenario C Roadway Reconstruction/Modernization-Heavy Funding Scenario is approved by TAB.

BACKGROUND AND PURPOSE OF ACTION: Due to previous project withdrawals, TAB currently has \$12.3 M in 2016 CMAQ funds that must be reallocated to new projects. In addition, it is expected that an additional approximately \$1.0 M in past CMAQ funding will become available for reallocation this summer due to two past transit CMAQ projects closing out under budget. (Indications from the projects are that the turned-back funding will likely total very close to \$1.0 M. Allocating these funds now will avoid another reallocation decision process later this summer.) The \$13.3 M in available funds should be reallocated as soon as possible so that any new projects can be included within the 2016-2019 Transportation Improvement Program (TIP).

At its March meeting this year TAB adopted a new Federal Funds Management process that addresses how federal funds will be reallocated when TAB-selected projects are deferred, withdrawn or advanced. The adopted policy has two processes: one for addressing reallocation of funds in the current program year and one for reallocating funds available in future program years.

Under the future year funds process, which is applicable to the 2016 funds, the policy states that “the TAB Coordinator will work with MnDOT Metro state-aid staff, Metro Transit Grants staff, Metro Council staff and project sponsors to provide a set of options to be considered by the TAC funding and Programming Committee, TAC and TAB”. Decisions regarding the funding reallocation must be made quickly in order for the selected projects to be included in the draft 2016-2019 TIP, to be released for public review in late June (federal policy does not allow TIP funding set-a-sides in the first year of the TIP).

The reallocation could potentially follow two timelines:

- TAB could decide to both provide policy direction and allocate the 2016 funds to projects at its May meeting in coordination with adoption of the Regional Solicitation projects; or
- TAB could decide to give policy direction at its May meeting and direct TAC Funding and Programming to review and provide recommendations on a potential funding option in May, with TAC to review the recommendation in early June and TAB to make a final decision at its June meeting.

With either timeline, the selected project(s) would then be included as an Appendix to the draft 2016-2019 TIP along with the Regional Solicitation projects selected for 2018-2019.

The potential reallocation policy alternatives are outlined below and were presented to the TAB Executive Committee on April 15, 2015. (This discussion was brought to the Executive Committee due to the short time available to make a decision and the April meeting being the only time the Executive Committee was scheduled to meet over the next three months.)

Potential Reallocation Policy Alternatives

The adopted reallocation policy states that the “first priority for use of future year funds will be to include the funds in a future TAB solicitation process if at all possible.” This is to maximize the number of projects funded by the region and to assure that the selected projects have been through a technical scoring process. Because the Regional Solicitation for 2018-2019 funds had already been released when these 2016 CMAQ funds became available, the notice of the availability of the funds was not included in the Regional Solicitation application packet and no projects were submitted for 2016 funding.

The policy then states “when not possible (to be included in a Regional Solicitation), TAB should first consider items 1-3 and 5” from the process for allocating current year program funds (shown in the below numeric list). “ The policy goes on to state “It (TAB) can also consider other options such as selecting an unfunded project from the most recent solicitation that could be delivered within the required timeframe. Other options include setting up a special solicitation or other measures TAB deems appropriate to address unique opportunities.”

The adopted policy allows TAB to consider a number of alternatives when reallocating future year funds. Staff has identified the alternatives outlined below for TAB to consider, though other alternatives may also be identified for consideration.

Alternative 1 – Follow Steps Outlined for Future Year Funds in the Reallocation Process

This would result in the following reallocation:

1. Payback of advance construction (AC) within the same mode (to which the funds were originally allocated) for projects that advanced because the sponsors were able to construct them sooner – No transit AC projects exist within this category.
2. Payback of advance construction (AC) within the same mode (to which the funds were originally allocated) for projects that moved due to previous deferrals – No transit AC projects exist within this category.
3. Regionally selected projects in the same mode that are able to be advanced – One current project, the Mall of America station improvement, scheduled for 2017 funding, is potentially able to be advanced to 2016, provided it receives its remaining funding during the 2015 legislative session. This will not be known until late May. This action would use \$7M of the available 2016 funds, and simultaneously make \$7 M available for reallocation in 2017.
4. Pro-rate remaining federal funds to regional projects in the current program year up to the allowable federal maximum. – This step is not applicable for future program funds reallocation.
5. Payback AC from regionally selected projects in another mode using steps 1-4 above – This step would result in the remaining \$5.3 M being allocated to a roadway project that had AC

payback scheduled in 2017, and would also free-up \$5.3 M for reallocation in 2017. If the Mall of America station cannot be advanced than this roadway project would be eligible for an AC payback of \$7.1 M.

Following above procedure results in all of the 2016 funding being available for reallocation in 2017 (or later if additional projects can be advanced to 2017), which would allow for the funding to be allocated to projects as part of the Regional Solicitation.

Alternative 1a – Follow Steps in the Reallocation Policy Using Current Year Process

This alternative is a slight variation to using the process above by including step #4, which includes pro-rating the funds to projects within the same mode and the same program year to bring projects up to the 80% federal maximum. Under this option, steps #1 and #2 would still have no available AC payback within the same mode. Step #3 would advance the Mall of America project from 2017 into the 2016 program year and free-up \$7M in program year 2017 funding. Step #4 would then allow the Mall of America project to receive additional funds up to the 80% federal maximum. The Mall of America project could accept the available \$5.3 M and still would not be at the federal 80% maximum. TAB would then need to reallocate the \$7 M in freed-up 2017 CMAQ funds after selecting projects for the Regional Solicitation and determining whether any of them can be advanced into 2017.

Alternative 2 – Select an Unfunded Project from the Most Recent Solicitation

Because the most recent solicitation is on-going, at this point in time we do not yet know which projects will not receive funding. Staff has contacted all of the transit applicants within the current solicitation regarding whether they could potentially move into the 2016 program year. Three transit projects, which ranked #5, #6, and #7 in the Transit Expansion sub-category have indicated that they could be advanced to 2016.

Alternative 3 – Unique Opportunities

As part of the adoption of the Regional Solicitation, TAB had indicated that for projects that did not clearly fit into any of the application categories, potential applicants could make a special request for funding. TAB recently received a special funding request from the Council for the Regional Transit On-Board Survey. This survey is required by the Federal Transit Administration (FTA) to be done every five years for the existing regional transit system and the results used to calibrate the transit portion of the regional model. These up-to-date results are required for the modeling and forecasts for New Starts/Small Starts grant applications. The last Transit On-Board survey was conducted in 2010 as part of the overall Travel Behavior Inventory. This project is requesting \$800,000 in federal funds in 2016.

Alternative 4 – Other

The final option for the funds would be to combine aspects of one or more of the alternatives outlined above. TAB members may also have other suggestions.

At the TAB Executive Committee meeting a number of policy direction comments were expressed by members. Votes were not taken. The comments are recorded below:

- Utilize the adopted Future Funds Reallocation Process to the degree possible. This would involve either advancing previously selected transit projects to 2016 or repaying eligible 2017 Advance Construction so that the 2016 funds are used and the available funding is essentially moved into 2017 or later.
- Allocate the available funds to projects in the transit modal category to the degree possible since this is the modal category where the available funds originated.

- Focus on getting more projects funded using projects that were submitted but likely will not be funded in the Regional Solicitation.
- Consider funding the Transit On-Board Survey since this is an allowable special request as allowed and is in the transit modal category.

STAFF ANALYSIS: Based on the TAB Executive comments and staff analysis, a potential alternative for reallocating the funds would be to combine elements of Alternatives 1, 2, and 3 described above (#4 “Other”) as follows:

1. Advance existing transit projects and/or pay-back AC in other modal categories if possible to move the available funds to 2017 or later;
2. Use any freed-up 2017 funding to advance and/or select additional transit projects from the current regional solicitation project list to the degree the funding allows;
3. If funding remains, fund the special request for the Transit On-Board Survey which will provide an additional project in the transit mode;
4. If funding still remains, select additional projects from the regional solicitation in other modes.

Attached is Table 1, which illustrates how the 2016 CMAQ funds could be allocated to projects given the policy alternative described above. (It is anticipated that the exact project program years would be determined after advancing transit projects or utilizing AC payback.) The explanation of the options follows below:

All options include the next three highest ranked Transit Expansion projects (which are not funded in the Regional Solicitation scenarios). These three projects require \$10,714,527 in federal funds. Funding these three projects would result in a remainder of \$2,585,473 in 2016 funds. This was determined to be insufficient to include the next transit project – the TH 169 Park-and-Ride, which requested \$7,000,000 in federal funds. In order to keep the funding in the same mode as much as possible, the \$800,000 Transit On-Board Survey is then funded in all four options.

The four options recorded in Table 1 and described below allocate the remaining \$1,785,433 to various Multi-Use Trails and Bicycle Facilities and Pedestrian Facilities, which are smaller project requests than the remaining transit or roadway projects. It should be noted that slight under- or over-programming of available dollars is not generally a reason to recommend one option or another one.

Scenario A Mid-Range Funding Scenario Only

- Option A-1. In this case, one Multi-Use Trail and one Pedestrian Facility project was included. The cost of the two facilities is just over \$2,000,000, which would be \$220,000 over the funds available. One of the comments at F&P was that only a small number of the 31 submitted Multi-Use Trail projects would likely be funded. Option A-1 funds one more project in this category whereas Option A-2 only funds Pedestrian Facilities projects, where 9 projects were submitted.
- Option A-2. This option includes the next two Pedestrian Facilities projects at a cost of \$1,525,826 and therefore does not allocate \$259,000 of 2016 funds. There is a 47-point break to the next Pedestrian Facilities project.

Scenario B Roadway Expansion-Heavy and

Scenario C Roadway Reconstruction/Modernization Mid-Range Funding Scenarios Only

- Options B-1/C-1. This option allocates funds to two Multi-Use Trail projects – MN DNR Gateway State Trail-Hadley Avenue Tunnel and the Carver Co. TH 5 Trail. Since these projects have the same score, they both have been included. This creates an overage of

\$318,000. These two projects are already funded in the Scenario A Base Mid-Range Scenario if this scenario is approved. However, the two projects are not included in the Regional Solicitation's Scenario B or C. It should be noted the Gateway State Trail-Hadley Avenue Tunnel project has a direct connection to the third ranked Roadway Expansion project (TH 36/Hadley Avenue Interchange Project), which will likely be funded in the Regional Solicitation given its high rank.

- Options B-2/C-2. These options include two Pedestrian Facilities projects – the Bloomington Sidewalk Gap Infill and the West St. Paul Oakdale and Marie Streetscaping at a combined cost of \$1,525,826. The point gap to the next Pedestrian Facilities project is 47. This would under utilize the 2016 funds by \$259,647.

RELATIONSHIP TO REGIONAL POLICY: The options provided to the TAB Executive Committee are consistent with the newly TAB-adopted Federal Funds Management process. The allocation of funds to new 2017, 2018 and 2019 projects have been identified through the 2014 Regional Solicitation which has been adopted by both the TAB and the Metropolitan Council. The use of regional funds for a special request is consistent with the process adopted by TAB for projects that fall outside of the Regional Solicitation application categories.

ROUTING

TO	ACTION REQUESTED	DATE COMPLETED
Technical Advisory Committee	Review & Recommend	
Transportation Advisory Board	Review & Adopt	

Table 1: 2016 Funding Options**Scenario A (Mid-Range) Funding Scenario**

Total 2016 \$ Available: \$13,300,000

Option A1	Sub-Category	Federal Request	2016 \$ Remaining
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473
Burnsville Lake Marion Greenway CR 42 Underpass and Connection	Multiuse Trails and Bicycle Facilities	\$1,480,000	\$305,473
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	(\$220,353)

Total 2016 \$ Available: \$13,300,000

Option A2	Sub-Category	Federal Request	2016 \$ Remaining
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	\$1,259,647
West St. Paul Oakdale and Marie Streetscaping	Pedestrian Facilities	1,000,000	\$259,647

Scenario B (Roadway Expansion-Heavy) and C (Reconstruction/Modernization-Heavy) Funding Scenarios

Total 2016 \$ Available: \$13,300,000

Option B1/C1	Sub-Category	Federal Request	2016 \$ Remaining
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473
MN DNR Gateway State Trail-Hadley Ave Tunnel*	Multiuse Trails and Bicycle Facilities	\$1,000,000	\$785,473
Carver Co. TH 5 Regional Trail from Minnewashta to Century*	Multiuse Trails and Bicycle Facilities	\$1,103,840	(\$318,367)

*These two projects are both funded as part of the Regional Solicitation if Scenario A Mid Range Funding Scenario is approved.

Total 2016 \$ Available: \$13,300,000

Option B2/C2	Sub-Category	Federal Request	2016 \$ Remaining
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	\$1,259,647
West St. Paul Oakdale and Marie Streetscaping	Pedestrian Facilities	1,000,000	\$259,647