

INFORMATION ITEM

DATE: September 29, 2021
TO: Technical Advisory Committee
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SUBJECT: Potential Used for \$20M of Coronavirus Response and Relief Supplemental Appropriation Act federal funding

As part of the federal Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), which was signed into law in December 2020, the Metropolitan Council was allocated \$20M by the federal government out of the \$162M allocated to MnDOT. Out of the remaining funding, MnDOT chose to give Metro District \$61M (MnDOT staff will provide an information item on this portion of funding later this fall). The attached letter from MnDOT to Chair Hovland addresses some of the details of the funding. The intent of the CRRSAA funding was to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. Funds must be authorized before September 30, 2024 (which aligns with the end of federal fiscal year 2024). The USDOT has approved a limited number of uses to date, such as:

1. Transportation revenue losses incurred as a result of the pandemic
2. New projects
3. More fully fund existing projects

This item will be previewed as an information item at TAC and TAB in October. An action item will then begin at the October TAC F&P meeting, followed by TAC and TAB in November. The distribution of new, special funding such as the CRRSAA funds is not covered within TAB's Federal Funds Reallocation Policy. However, some of the principles laid out in this policy may be pertinent to TAB. The CRSSA federal funding is one of several recent or potential funding streams. For instance, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020) and American Rescue Plan (ARP) Act (2021) provided significant transit operating funds to transit agencies across the country. CRRSAA also provided \$14 billion in funding for transit operations. In addition, a potential new federal transportation bill being considered by Congress, if passed, would likely mean additional funding for the MPO starting in 2022.

Option 1: Transportation Revenue Loss (State-Aid)

Out of the \$162M allocated to the state, MnDOT provided 50% (or \$81M) of the funding to Greater Minnesota, of which \$20M was then given to Greater Minnesota cities and counties. For this \$20M provided to local agencies in Greater Minnesota, lost transportation revenue was documented from County State Aid Highway (CSAH) and Municipal State Aid Street (MSAS) funds and then

CRRSAA funds were distributed via the state-aid formula. Greater Minnesota counties and state-aid cities (over 5,000 population) are being asked to indicate how they plan to use the allocation and then also complete year-end reporting to MnDOT State-Aid on how the funding was actually used.

A similar approach could be used for the \$20M allocated to the Metropolitan Council. Attached is the potential distribution of funding using the state-aid formula. Cities are grouped within each county to show the geographic distribution of funding (e.g., Anoka County and the cities within Anoka County would collectively receive 14% of the \$20M). This approach meets the stated intent of CRRSAA. MnDOT State-Aid also suggests that this process would distribute the funding in a shorter amount of time than applying it to projects. This use of the funding would be multimodal in nature as cities and counties are the agencies most likely to construct and/or maintain trails, sidewalks, and ADA improvements (operational losses for transit were covered as part of CRRSAA and two other federal bills). Potential negative aspects of this approach include difficult to directly connect this funding to the delivery of projects in the Regional Solicitation and thus to regional goals. If used, this approach would be a one-time allocation of resources and not the normal course of action for distributing federal funding through the MPO.

Option 2: New Projects from 2020 Funding Cycle

The 2020 Regional Solicitation (program years 2024 and 2025) awarded funding to less than one-half of the project submittals, leaving many deserving projects waiting for funding. One approach used in the past when new federal money became available was for TAB to fund the next highest-scoring projects on the last Regional Solicitation scoring list. One challenge with this approach is that the projects must be for 2024 program year (or earlier). Depending on the size, scope, and project development activities completed to date, some agencies may not be able to accept federal funds with this strict of a deadline. However, this approach does offer a chance to fund several more projects that are aligned with regional goals and that have been scored and prioritized through a regional process. If TAB would like to select more projects, then Council staff would need to inquire with project sponsors if the timeline would work before awarding the funds. The shorter timeline introduces more risk as the federal funds may not be able to be used in time. Smaller projects are also more likely to be deliverable given this constraint.

There are several options to explore if TAB would like to go to the project list:

- Split the \$20M based on the midpoints of their modal ranges as approved in the Regional Solicitation (i.e., \$11M for roadways, \$6M for transit, \$3M for bike/pedestrian) and look to the attached project lists to fund additional projects. Specific options can be developed if TAB would like to further explore this approach.
- Use the \$20M for a special purpose such as funding as many multiuse trail projects as possible with the funding (for instance, \$20M would fund the next 9 multiuse trail projects on the attached Regional Solicitation list) or funding unique projects (however, this may be difficult given timing constraints and not knowing the scoring for unique projects until summer/fall 2022).
- Given the over 40% increase in fatalities on metro roads this year and documented success of the Highway Safety Improvement Program (HSIP), the \$20M could fund additional unfunded projects from the 2020 HSIP solicitation (see attached list). This could amount to around 14 additional safety projects in the region, depending on the split between proactive and reactive project types. These projects also are smaller in

size and may be able to be delivered in a timelier manner. Project types include cable median barriers, road diets, reduced-conflict intersections, and bicycle/pedestrian/ADA improvements at intersections.

Option 3: More Fully Fund Existing Projects

Another possible option is to split the funding among already-selected projects that are not funded at 80% federal share of the total project cost thereby reducing local financial burdens caused by COVID. This approach is detailed in the TAB’s Federal Funds Reallocation Policy and is often used to expend federal funds in the current program year instead of returning funding to the federal government.

“Regionally-selected projects programmed in the current program year in the same mode up to the federally allowed maximum. If more than one project can accept additional federal funds, the project needing the smallest amount of funds to achieve full federal participation based on the latest engineer’s estimate will be funded first up to the federal maximum, followed by the project needing the second smallest amount of federal funds, and so on.”

This approach would help ensure that the region delivers the Regional Solicitation program considering financial challenges faced by local communities. There are approximately 49 projects in program years 2022-2024 that can receive extra federal funds in order to increase the federal share to 80% of their total project cost. Based on the numbers shown in the draft TIP, a preliminary estimate (see attachment) shows the federal funding would go to 41 different projects using the methodology described in TAB’s Federal Funds Reallocation Policy. Because this approach starts with the smallest projects first, the funding mostly goes first to bicycle and pedestrian projects, then to transit and roadway projects.

Staff requests feedback on the options presented, assistance in filling out Table 1, and any preferences of the committee that should be communicated to TAB.

Table 1: Pros and Cons of Each CRRSAA Funding Option

Option	Pros	Cons
1. Transportation Revenue Loss (State Aid)	<ul style="list-style-type: none"> • Meets intent of CRRSAA • Consistent with Greater Minnesota approach • Ease of implementation • Geographic distribution is built in • Provides local flexibility in spending • Addresses MnDOT’s desire for projects to be closed quickly • Gets money to local agencies quickly 	<ul style="list-style-type: none"> • Council/TAB would not play a role in what funds will be spent on
2. New Projects from 2020 Funding Cycle	<ul style="list-style-type: none"> • Funds projects from a competitive 2020 Solicitation • Regional prioritization and projects 	<ul style="list-style-type: none"> • Short program year window (2024) • Does not meet intent of CRRSAA
3. More Fully Fund Existing Projects	<ul style="list-style-type: none"> • Better assurance of Regional Solicitation project completion • Ease of implementation 	<ul style="list-style-type: none"> • No new projects and somewhat random geographic distribution • Does not meet intent of CRRSAA

At its September 16, 2021, meeting TAC Funding & Programming Committee members overwhelmingly voiced support for Option 1, primarily because it addresses the CRRSAA's purpose of recovering lost revenue due to COVID-19. There was no support for the other two options presented. Members considered making a motion to direct staff to include Option 1 in the action item to be heard in October at F&P, but decided to wait until the item was an official action item on the agenda and all members could be present to voice their opinion.