

ACTION TRANSMITTAL No. 2015-28

DATE: May 15, 2015
TO: TAC Funding and Programming Committee
FROM: Steve Peterson, MTS Planning Analyst, 651-602-1819
SUBJECT: Project Funding Options to Reallocate \$13.3 M of 2016 CMAQ Funds

REQUESTED ACTION: TAC requests that the TAC Funding and Programming Committee forward and/or recommend project funding options for the reallocation of available 2016 CMAQ funds.

RECOMMENDED MOTION: That the TAC Funding and Programming Committee forward the options and/or recommend to TAC a preferred 2016 CMAQ funds reallocation project funding option, i.e., 1 or 2, if Scenario A Mid-Range Funding Scenario is approved by TAB, or 3 or 4 if either Scenario B Roadway Expansion-Heavy or Scenario C Roadway Reconstruction / Modernization-Heavy Funding Scenario is approved by TAB.

BACKGROUND: 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 current transit CMAQ projects closing out under budget. Decisions regarding the \$13.3 M must be made quickly in order for the selected projects to be included in the draft 2016-2019 Transportation Improvement Program (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).

At its March 2015 meeting, 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Funds Management Process that addresses how federal funds will be reallocated when TAB-selected projects are deferred, withdrawn or advanced.

At the April TAB Executive Committee meeting, potential reallocation policy alternatives for allocating the \$13.3 M were discussed. A number of policy direction comments were expressed by members. Votes were not taken. The comments are recorded below:

- Utilize the adopted Federal Funds Management Process (described on the next page) 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 current Regional Solicitation.
- Consider funding the Transit On-Board Survey as a unique special project request. This project would be in the transit modal category.

Based on this general policy direction, staff brought preliminary funding options to TAC at its May meeting. The funding options were not brought to TAC F&P first due to timing limitations and the uncertainty of whether TAB would approve allocation of the 2016 CMAQ funding at its May meeting (at the same time as the Regional Solicitation). TAC strongly recommended that this item be sent to TAC F&P in May, then to TAC in June, and to TAB in June. This schedule still allows the selected projects to be included in the draft TIP to be released in late June. TAC also noted that there are still a number of variables not yet resolved that could affect this decision such as approval of the final project list in the current Regional Solicitation.

Potential Reallocation Policy Alternatives

Because it is currently fiscal year 2015, the future year funds process of the Federal Funds Management Process should be used to allocate the 2016 funds. Under the future year funds process 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”.

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 meant 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. However, projects in the current Regional Solicitation have undergone a technical scoring process and some transit project sponsors have indicated that their projects could likely be delivered in 2016.

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 numeric list below). “ 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.”

Reallocation priorities for available funding

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, has indicated a desire to move to 2016, however, it is not clear at this point in time that the remaining project funds will be available for the project to be accelerated to 2016. Therefore the options described further in this memo do not assume this project would move to 2016.
- 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
 - Approximately \$8.4 M of AC payback is available to be utilized in 2016. This action would use \$8.4 M of the available 2016 funds, and simultaneously make \$8.4 M available for reallocation in 2017.

STAFF ANALYSIS: Based on the TAB Executive comments, staff has compiled four different options for further consideration based on the following preliminary policy direction.

1. Advance existing transit projects and/or pay-back AC in other modal categories if needed to move the available funds to 2017 or later where they can be utilized to fund projects in the current Regional Solicitation;
2. 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 current Regional Solicitation in other modes.

Attached is Table 1, which illustrates how the 2016 CMAQ funds could be allocated to projects given the policy priorities described above. The explanation of the options follows below:

All four options include the next three highest ranked Transit Expansion projects that are not funded in the three Regional Solicitation scenarios sent to TAB in May. These three projects require \$10,714,527 in federal funds. Funding these three projects would result in \$2,585,473 remaining 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 options recorded in Table 1 and described below allocate the remaining \$1,785,433 to various Multiuse Trails and Bicycle Facilities projects and Pedestrian Facilities projects, which are smaller requests than the remaining transit or roadway projects. The project options depend on which Regional Solicitation funding scenario is approved by TAB. Options 1 and 2 apply to Scenario A (Mid Range Base), while Options 3 and 4 apply to either Scenario B (Roadway Expansion-Heavy) and Scenario C (Roadway Reconstruction/Modernization-Heavy).

- Option 1: Funds two Multiuse Trails and Bicycle Facilities project and one Pedestrian Facilities project.
- Option 2: Funds two Pedestrian Facilities projects.
- Option 3: Funds to two Multiuse Trails and Bicycle Facilities projects.
- Option 4: Funds two Pedestrian Facilities projects.

The proposed steps to get to the program years shown in Table 1 are outlined below:

- Step 1: Use \$11,514,527 of the \$13,300,000 of 2016 CMAQ dollars to fund the next three highest ranked Transit Expansion projects not yet funded in the current Regional Solicitation (Metro Transit Route 62 Service Expansion, MVTA Minnesota River Valley 169 Connector, and the Metro Transit Route 2 Service Expansion), plus a unique transit request (Transit On-Board Survey). Project sponsors for all four of these projects indicated that they could be delivered in 2016.
- Step 2: Use the remaining \$1,785,473 of 2016 CMAQ dollars on Advance Construction Payback, thereby freeing up these 2016 dollars for use in a later program year, 2017.
- Step 3: Use the newly freed up \$1,785,473 of 2017 CMAQ dollars to advance construct the highest ranked Transit Expansion project likely to be funded in the current Regional Solicitation given the sponsor also indicated that they could use the funds in 2017 (Penn Avenue Corridor Bus and Technology Improvements). This frees up \$1,785,473 of 2018 dollars (the program year of the Penn Avenue project).
- Step 4: Use the \$1,785,473 of 2018 funds on the next two highest ranked projects from the Bicycle and Pedestrian Facilities modal category since there is not enough money remaining to fund another Transit Expansion project. The options for these specific projects depend, in part, on the Regional Solicitation funding scenario approved by TAB on May 20th, but the options are shown in Table 1. Two additional bicycle and pedestrian projects can be funded and Table 1 shows various combinations of five different projects.

RELATIONSHIP TO REGIONAL POLICY: The options provided to the TAB Executive Committee are consistent with the TAB's newly adopted Federal Funds Management Process. The allocation of 2017, 2018 and 2019 funds will be identified through the 2014 Regional Solicitation project selection which is expected to be adopted by TAB on May 20, followed by Metropolitan Council concurrence. 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	
TAC Funding & Programming Committee	Review & Recommend	
Technical Advisory Committee	Review & Recommend	
Transportation Advisory Board	Review & Adopt	

Table 1: 2016 Preliminary Funding Options**Scenario A (Mid-Range) Funding Scenario (Works with Options 1 and 2 Only)**

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

Option 1	Sub-Category	Federal Request	2016 \$ Remaining	Program Year
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182	2016
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498	2016
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473	2016
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473	2016
Burnsville Lake Marion Greenway CR 42 Underpass	Multiuse Trails and Bicycle Facilities	\$1,480,000	\$305,473	2018
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	(\$220,353)	2018

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

Option 2	Sub-Category	Federal Request	2016 \$ Remaining	Program Year
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182	2016
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498	2016
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473	2016
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473	2016
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	\$1,259,647	2018
West St. Paul Oakdale and Marie Streetscaping	Pedestrian Facilities	1,000,000	\$259,647	2018

Scenario B (Expansion-Heavy) and C (Reconstruction/Modernization-Heavy) Funding Scenarios (Works with Options 3 and 4 Only) Total \$ Available: \$13,300,000

Option 3	Sub-Category	Federal Request	2016 \$ Remaining	Program Year
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182	2016
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498	2016
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473	2016
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473	2016
MN DNR Gateway State Trail-Hadley Ave Tunnel*	Multiuse Trails and Bicycle Facilities	\$1,000,000	\$785,473	2018
Carver Co. TH 5 Regional Trail from Minnewashta to Cntry*	Multiuse Trails and Bicycle Facilities	\$1,103,840	(\$318,367)	2018

*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 4	Sub-Category	Federal Request	2016 \$ Remaining	Program Year
Metro Transit Route 62 Service Expansion	Transit Expansion	\$3,132,818	\$10,167,182	2016
MVTA Minnesota River Valley 169 Connector	Transit Expansion	\$2,792,684	\$7,374,498	2016
Metro Transit Route 2 Service Expansion	Transit Expansion	\$4,789,025	\$2,585,473	2016
Transit On-Board Survey	Unique Transit Project	\$800,000	\$1,785,473	2016
Bloomington Sidewalk Gap Infill Project	Pedestrian Facilities	\$525,826	\$1,259,647	2018
West St. Paul Oakdale and Marie Streetscaping	Pedestrian Facilities	1,000,000	\$259,647	2018