

ACTION TRANSMITTAL No. 2021-07

DATE: January 14, 2021

TO: TAC Funding & Programming Committee
Steve Peterson, Mgr of Highway Planning and TAB/TAC Process

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SUBJECT: Distribution of \$4.5 Million in Unused CMAQ Funding

REQUESTED ACTION: MTS staff requests that the Funding & Programming Committee recommend an option for spending roughly \$4.5 million in CMAQ funding recently made available.

RECOMMENDED MOTION: That the TAC Funding & Programming Committee recommend that TAC recommend to TAB that roughly \$4.5 million in CMAQ funding be provided to Washington County's Woodbury Gold Line Parking Structure project.

On November 11, 2020, Metro Transit sent a letter to TAB Chair Hovland that the I-94 park-and-ride lot at Manning Avenue is no longer needed and that it will be returning \$4.4 to \$4.5 million¹ of CMAQ funding to the region for redistribution. This occurred during the closing weeks of TAB's decision on awarding the over \$200 million Regional Solicitation program, leading TAB to choose to make any decisions on distribution of these funds after that process.

By federal rule, CMAQ funds are to be spent on projects that directly lead to emissions reduction. The funding our region receives for CMAQ tends to be used on transit projects, travel demand management (TDM), and traffic management technology projects. This returned CMAQ funding comes from a transit expansion project. The funding could be spent on non-air quality projects as staff is currently working on assigning funding types to projects. That said, the attached Federal Funds Reallocation Policy favors spending funds within the same mode.

BACKGROUND AND PURPOSE OF ACTION: The Federal Funds Reallocation Policy provides a process for redistributing, dividing into processes for funds slated for the current program year and funds slated for future program years. It is assumed that these funds should be treated as future-year funds as they do not need urgent action. Funds that are awarded to Federal Transportation Administration (FTA) projects are far more flexible than Federal Highway Administration (FHWA) funds in terms of year-of-programming (though less flexible in that advance construction is not an option). Therefore, staff recommends that the funds be treated as future year funds. Under future years funds, the policy shows the first priority as spending funds in a "future TAB solicitation process if at all possible." Given that these funds are from a project several years ago, and that this solution is still easily manageable, staff suggests using this funding on a 2020 Regional Solicitation Project. Tables 1 and 2 show the high-scoring transit projects from the 2020 Regional Solicitation.

¹ The precise amount will not be known until project close-out.

Table 1: Transit Expansion Projects

Rank	Applicant	Project Name	Selected Scenario	Federal Requested	Local Match	Total Proj Cost	Total Score
1	Washington Co	I-494 Park & Ride Structure in Woodbury	-	\$7,000,000	\$8,170,946	\$15,170,946	852
2	Metro Transit	Route 17 Service	Funded	\$2,511,123	\$627,781	\$3,138,904	607
3	Metro Transit	Route 54 Service	Funded	\$1,762,070	\$440,518	\$2,202,588	589
4	Metro Transit	New Route 757 Limited Stop	Funded	\$4,669,486	\$1,167,372	\$5,836,858	566
5	SouthWest Transit	I-494 N SW Prime Service in Eden Prairie, Minnetonka, Plymouth, M Grove	-	\$5,600,000	\$1,400,000	\$7,000,000	555

Table 2: Transit Modernization Projects

Rank	Applicant	Project Name	Selected Scenario	Federal Requested	Local Match	Total Proj Cost	Total Score
1	Metro Transit	Gold Line DT Saint Paul	Funded	\$7,000,000	\$3,500,000	\$10,500,000	721
2	Metro Transit	Bus Farebox Upgrade	Funded	\$7,000,000	\$1,750,000	\$8,750,000	637
3	Dakota Co	140th Red Line Ped/Bike Overpass in Apple Valley	-	\$2,400,000	\$600,000	\$3,000,000	610
4	MVTA	Burnsville Bus Garage	Funded	\$2,800,000	\$700,000	\$3,500,000	604
5	Apple Valley	Apple Valley Red Line BRT 147th Street Station Skyway	-	\$3,810,400	\$952,600	\$4,763,000	602
6	SouthWest Transit	Signal Prioritization at East Creek P/R	Funded	\$443,520	\$110,800	\$554,320	582
7	SouthWest Transit	Solar Array at SouthWest Village in Chanhassen	-	\$4,840,000	\$1,210,000	\$6,050,000	436

Staff provides the following options for use of this funding:

1. Providing the entire amount to the Washington County I-494 parking structure in Woodbury. This project was easily the top-rated project in the Transit Expansion funding category, scoring 245 more points than the second-ranked project. It was not funded because the top-rated project in the Transit Modernization category, was on the same corridor (the Gold Line). Solicitation rules dictate that two projects along the same transitway corridor cannot be funded. The rules also do not allow more than \$7 million along BRT corridors (beyond the F-Line), which had been met. Staff believes these rules do not apply to this reallocation funding, as this money was not part of the 2020 Regional Solicitation.
2. Proportionally fund the top transit projects in each category that were skipped. Assuming \$4.5M available, this approach would fund just under 50% of each request. It would result in funding the top transit expansion project, the Washington County parking

structure, at \$3.35M award (\$7M requested) and the Dakota County 140th Street Red Line Pedestrian/Bicycle Overpass in Apple Valley at \$1.15M (\$2.4M requested).

The Dakota County project was the third-highest scoring transit modernization project and was also skipped over due to the rule limiting awarding to BRT projects. This approach would also provide funding to Dakota County, where only 4% of the total Regional Solicitation funding was provided, while 14% of the region’s population resides there.

Staff recommends Option 1, providing the full \$4.5M of funding to Washington County. This is because this project is the highest-scoring transit expansion project by far and the funding originally came from a transit expansion project.

ROUTING

TO	ACTION REQUESTED	DATE SCHEDULED/COMPLETED
TAC Funding & Programming Committee	Review & Recommend	1/21/2021
Technical Advisory Committee	Review & Recommend	2/3/2021
Transportation Advisory Board	Review & Approve	2/17/2021

Federal Funds Reallocation Policy

Projects awarded federal funds by the Transportation Advisory Board (TAB) as part of the Regional Solicitation or Highway Safety Improvement Program (HSIP) can be advanced or deferred based on TAB policy, project deliverability and funding availability, provided fiscal balance is maintained. The process assumes some projects will be deferred, withdrawn, or advanced. This process establishes policy and priority in assigning alternative uses for federal transportation funds when TAB-selected projects in the Transportation Improvement Program (TIP) are deferred, withdrawn, or advanced. This process also addresses the distribution of the limited amount of federal funds available to the region at the end of the fiscal year, known as “August Redistribution.” This process does **not** address how to distribute new federal dollars available through larger, specific programs. TAB will make separate decisions specific to those kinds of programs and timing.

Current Program Year Funds

For funding that is available due to project deferrals or withdrawals, the funds shall be reallocated as shown in the below priority order. When there is insufficient time to go through the TAB committee process, TAB authorizes staff (Minnesota Department of Transportation (MnDOT) Metro District State Aid or Metropolitan Council Grants Department, as appropriate), working with the TAB Coordinator, to reallocate funds to projects that have been selected through the regional solicitation per the below priorities on TAB’s behalf.

Reallocation priorities¹ for available funding programmed for the current fiscal year:

1. Regionally selected projects in the same mode slated for advanced construction/advanced construction authority (AC/ACA)² payback that have already advanced because sponsors were able to complete them sooner. If more than one project is slated for AC/ACA payback, the projects using the smallest amount of federal funding will be funded first. Partial AC/ACA payback can be paid on a project up to available levels of funds.
2. Projects in the same mode slated for AC/ACA payback that have been moved due to previous deferrals. If more than one project is slated for AC/ACA payback, the projects using the smallest amount of federal funding will be funded first. Partial AC/ACA payback can be paid on a project up to available levels of funds.
3. Regionally selected projects in the same mode that are able to be advanced.
4. Regionally-selected project(s) from another mode to pay back or advance using steps 1-3 above. Should this action be used, TAB shall consider the amount when addressing modal distribution in programming the next regional solicitation.
5. 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 participation³ based on the latest engineer’s estimate will be funded first up to the federal

¹ Regional Solicitation and HSIP funds should be considered separately for purposes of this policy.

² Note: Advanced construction (AC) is used for Federal Highway Administration-funded projects. Federal Transit Administration-funded projects use advanced construction authority (ACA).

³ Up to 80% of eligible project costs paid for with the federal funds, except in the case of HSIP, which funds up to 90% of eligible costs with federal funds.

maximum, followed by the project needing the second smallest amount of federal funds, and so on.

Future Program Year Funds

While history shows that most deferrals and withdrawals will be in the current program year, even current year withdrawals can affect future year funding by advancing a project from a future year into the current year. For future-year funds, the TAB Coordinator will work with MnDOT Metro State Aid and/or Metro Transit Grants staff, Metropolitan Council staff and project sponsors to provide a set of options to be considered by the Technical Advisory Committee (TAC) Funding & Programming Committee, TAC, and TAB.

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. When not possible, TAB should first consider items 1-3 and 5 from the above list. It can also consider other options such as selecting an unfunded project from the most recent solicitation⁴ that could be delivered within the required timeframe. Other options could include setting up a special solicitation, depending on the amount of funds and time available, or other measures as TAB deems appropriate to address unique opportunities. TAB will consider the established “Guiding Principles” in making its decisions.

⁴ Note that projects must be selected prior to December 1 of the program year.