



Active Transportation Sales Tax Funds



July 2023

Active Transportation Sales Tax Funds

New Funding Source

- 5% of Council's new metro transit sales tax revenue provided to TAB for Active Transportation defined as "bicycling, pedestrian activities, and other forms of nonmotorized transportation."
- Estimated \$24M per year, collection starting on Oct 1st, 2023.
- Process for selecting projects must include solicitation, evaluation and prioritization and must align with the procedures and requirements established for allocation of other funds (i.e., Regional Solicitation)
- Legislation establishes prioritization criteria that aligns well with the Multiuse Trail, Pedestrian Facilities, and Safe Routes to School application categories

Relevant session law:

(b) The Transportation Advisory Board must establish eligibility requirements and a selection process to provide the grant awards. The process must include: solicitation; evaluation and prioritization, including technical review, scoring, and ranking; project selection; and award of funds. To the extent practicable and subject to paragraph (c), the process must align with procedures and requirements established for allocation of other sources of funds.

Process Requirements in Law

(c) The selection process must include criteria and prioritization of projects based on:

Two New
Application
Requirements
Needed

(1) the project's inclusion in a municipal or regional nonmotorized transportation system plan;

(2) the extent to which policies or practices of the political subdivision encourage and promote complete streets planning, design, and construction;

(3) the extent to which the project supports connections between communities and to key destinations within a community;

(4) identified barriers or deficiencies in the nonmotorized transportation system;

(5) identified safety or health benefits;

New Selection
Requirement
Needed

(6) geographic equity in project benefits, with an emphasis on communities that are historically and currently underrepresented in local or regional planning; and

(7) the ability of a grantee to maintain the active transportation infrastructure following project completion.

TAB Spending Decision Required

Two Options for initiating sales tax spending as part of the Solicitation:

1. Modify current 2024 Regional Solicitation to accommodate these funds prior to release this fall.
 - Pro: Begins some spending of funds as soon as possible, likely for projects able to begin in 2025, 2026, 2027; TAB can select amount of funds to make available
 - Con: Limited changes to 2024 Solicitation can be accommodated
2. Wait to allocate any funds until 2026 Solicitation, after conclusion of the Solicitation Evaluation and subsequent redesign of the process
 - Pro: Will maximize the funding available under a redesigned process specific to the sales tax funds
 - Con: Significant amount of funding will accrue prior to project selection in 2026 (est. \$72-\$78 million by the end of 2026 and additional \$48 million available for allocation from 2027 -2028)

Staff Recommendation: Include some level of sales tax funding in 2024 Solicitation and make minor modifications necessary changes to adhere selection requirements in law

Discussion

What is TAB's preference?

1. Allocate some funds in 2024 Solicitation
2. Wait until 2026 Solicitation

TAB Direction: TBD on 7/19

Technical Feedback to Date



Information item on the new funding was discussed with TAC and TAC Funding & Programming on 6/15. Feedback included:

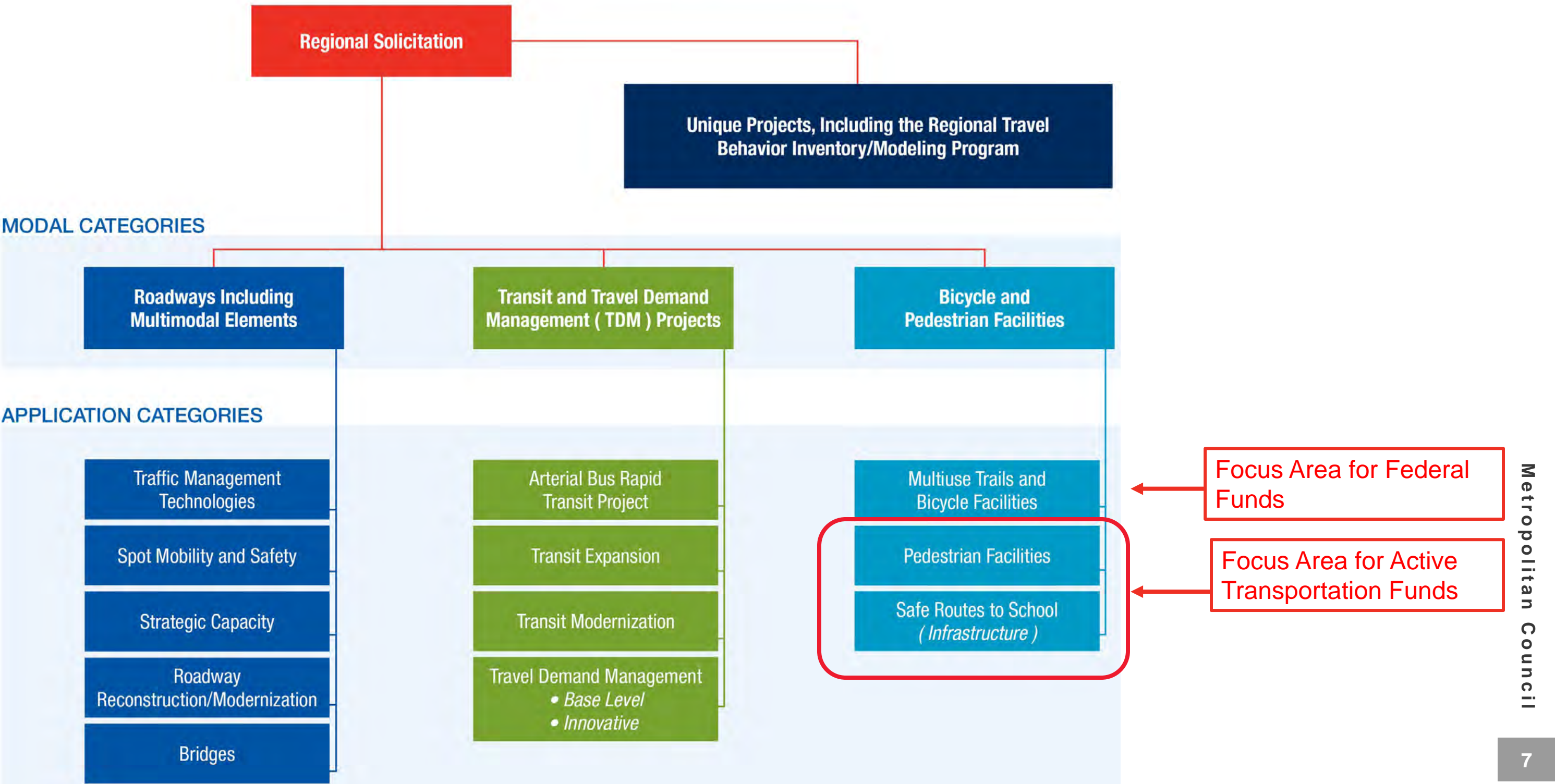
- Give applicants certainty on the front end whether they are applying for sales tax funds (non-federal) or federal funds.
- Use of non-federal funds on projects instead of federal funds has distinct advantages, especially for smaller projects and smaller community types who are not accustomed to using federal funds. Concern about achieving a geographic balance of investments.
- Hesitancy to invest 4 years of sales tax funding (2024, 2025, 2026, and 2027) in the 2024 funding cycle. A lesser amount was preferred. Further discussion needed as part of the Regional Solicitation Evaluation for future allocations.
- Prefer a simplified application in future years.
- Further clarity needed on whether the sales tax should pay for 80%, 90%, or 100% of the project costs.

Proposal for TAB Discussion



- Use the Active Transportation sales tax funds only for projects in the Pedestrian Facilities and Safe Routes to School application categories and notify applicants that this is where the sales tax funds will be focused.
- These two categories fund smaller projects so it is beneficial to keep them out of the federal process and typically come from a wider geographic spread of applicants, and a greater variation in community types/sizes.
- This approach would then focus the federal bike and pedestrian funds on the larger, multiuse trail application category.
- The Active Transportation funds would be considered above the modal funding ranges.
- A minimum of \$33M-\$38M (TAB to select) would be allocated in the 2024 Regional Solicitation cycle.
- The upcoming Regional Solicitation Evaluation will establish workgroups to propose a longer-term approach to best utilize the funding in future funding cycles.

REGIONAL SOLICITATION MODAL AND APPLICATION CATEGORIES



Key Discussion Questions

1. As proposed, the first two years of sales tax collections would be utilized in the 2024 Regional Solicitation (approximately \$33 million-\$38 million). The Regional Solicitation Evaluation will have work groups to establish a longer-term approach to best utilize the Active Transportation sales tax funding. Is this the right amount to use this funding cycle? The next cycle will likely need to allocate three years of collections but will have more time to plan for the funds.
2. What do you think of the general approach to assign the sales tax funding as the way to fund Pedestrian Facilities and Safe Routes to School application categories for the 2024 Regional Solicitation, then revisit the approach for the 2026 cycle?
3. As proposed Active Transportation funding could be used for up to 90% of project costs, up to the application maximum award (i.e., \$2 million for Pedestrian Facilities and \$1M for Safe Routes to School). Other options include aligning with the rules of the other federal funding and pay only 80% of eligible costs or alternatively pay 100%?
4. Are the new qualifying requirements clear to applicants or should any edits be made?
5. Are there any other changes that should be made to the Pedestrian Facilities and Safe Routes to School application categories at this time before the release of the 2024 Regional Solicitation application?

Changes for Active Transportation Funding to Address Law Requirements

1. For projects to be considered for Active Transportation sales tax funds, the project must be included in a municipal or regional nonmotorized transportation system plan (examples may include Safe Routes to School system plan, specific bicycle or pedestrian system plans, Regional Bicycle Transportation Network, Regional Bicycle Barriers Study, Pedestrian Safety Action, Americans with Disabilities Act Transition Plan). List the system plan(s):
2. For projects to be considered for the Active Transportation sales tax funds, briefly discuss related policies and practices that encourage and promote complete streets planning, design, and construction.
3. The applicant should indicate if they would only accept Active Transportation sales tax funds and do not want to be considered for federal funds.
 - Check the box to indicate that the applicant would only accept Active Transportation sales tax funds.
4. To promote geographic balance (geographic equity) as required in the state legislation, at least one project will be selected from each of the following Thrive MSP community designation groupings:
 - Urban, Urban Center
 - Suburban
 - Suburban Edge, Emerging Suburban Edge, Rural



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