

Transportation Committee

Meeting date: October 13, 2014

For the Metropolitan Council meeting of October 22, 2014

Subject: Defederalize the City of Carver Demonstration Bus Service project

District(s), Member(s): 4 - Gary Van Eyll

Policy/Legal Reference: TAB Funding Action

Staff Prepared/Presented: Arlene McCarthy, Director MTS

Mary Gustafson, Grants Manager (612) 349-7603

Ed Petrie, Metro Transit Finance Director (612) 349-7624

Heather Aagesen-Huebner, Manager MTS Administration (651) 602-1728

Division/Department: Transportation / Metropolitan Transportation Services and Metro Transit

Proposed Action

That the Metropolitan Council concur with TAB's action to defederalize the City of Carver's Demonstration Bus Service project, contingent on TAB approval on October 15, 2014.

Background

The City of Carver has an \$826,200 2014 CMAQ grant to provide demonstration bus service between its new transit station (also constructed with CMAQ funds) and downtown Minneapolis and the University of Minnesota. Recent planning to implement the bus service determined that defederalizing the project by providing non-federal operating funds in lieu of the CMAQ funding share would provide benefits to the project.

Council staff determined that the \$826,200 CMAQ funds could be utilized by the Green Line operations allowing the Council to provide the City of Carver with \$826,200 in non-federal operating funds. The City has made a request to TAB to approve this funding exchange.

The attached TAB Action Transmittal provides additional background.

Rationale

The defederalization of the City of Carver's Demonstration Bus Service project will allow the city to contract directly with SouthWest Transit by extending existing trips to Carver. This is the most efficient service plan option. This action will also provide the city with flexibility to extend the service beyond three years, depending on the final service plan which will be based on anticipated demand and adjusted to meet the actual demand. This action also results in administrative efficiencies for the City of Carver, the Council and the FTA.

The City of Carver will deliver the bus demonstration project consistent with its original proposal to TAB.

Funding

This action is revenue neutral and will require an adjustment to the Council's 2015 Transportation Operating Budget.

Known Support / Opposition

The City of Carver supports this action.

ACTION TRANSMITTAL No. 2014-70

DATE: October 8, 2014
TO: Transportation Advisory Board
SUBJECT: City of Carver CMAQ Funding Change
REQUESTED ACTION: The City of Carver requests defederalization of its 2014 project to provide express bus service between Carver and downtown Minneapolis and the University of Minnesota (#TRS-TCMT-13H).
RECOMMENDED MOTION: Recommend approval of the defederalization request on the condition that the City deliver the bus operations project as approved in the TAB solicitation.

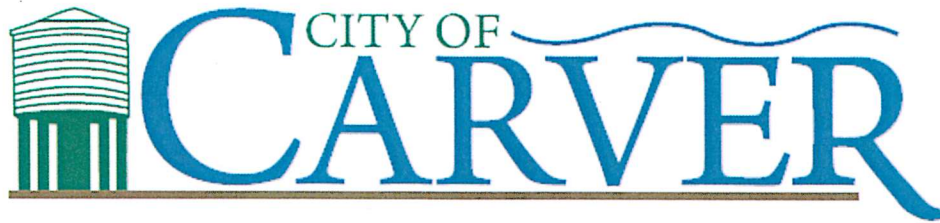
BACKGROUND AND PURPOSE OF ACTION: The City of Carver received \$4,429,411 of federal Congestion Mitigation Air Quality (CMAQ) funding in the 2009 solicitation to build a 400-space park-and-ride lot in the City of Carver and to provide express bus service between Carver and downtown Minneapolis and the University of Minnesota for three years. Park-and-ride lot construction is expected to be completed in Fall 2014 and accounted for \$3,603,211 of the federal funding award. The bus service includes \$826,200 of federal CMAQ funding.

Planning for the route service determined that the route could be best served with extensions to existing SouthWest Transit service. However, under existing federal regulations, it would be difficult to develop a federally-compliant contract between the City of Carver and SouthWest Transit. Discussions between the City of Carver and Metropolitan Council staff developed a potential solution by defederalizing the City of Carver project. The \$826,200 of federal CMAQ funding would be used for the Green Line light rail operating costs (which also received a CMAQ-funded award in the 2009 solicitation) since this project can accept additional federal funding. The Council will in turn provide \$826,200 in non-federal operating revenue to the City for its bus service project. This support is conditional on the City delivering its bus service project as originally proposed to TAB, including providing a 20% local match to the net operating cost, which is the City's intent.

The Federal Transit Administration (FTA) has confirmed that a TIP amendment is not needed for this defederalization because the funding is already obligated in an active grant. The change can be handled administratively in the FTA's online grants management system.

The City's request is attached along with a support letter from the Metropolitan Council.

RELATIONSHIP TO REGIONAL POLICY: Projects that receive funding through the regional solicitation process must have significant changes (such as, but not limited to, scope changes or program year extensions) approved by TAB. This requested funding exchange does not change either project from a technical perspective, but does change which projects receive federal CMAQ funding.



October 8, 2014

Bill Hargis, TAB Chair
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

RE: Carver Demonstration Bus Service -- Even Exchange of CMAQ Funds (TRS-TCMT-13H) with Green Line Operating Funds

Dear Chair Hargis:

The City of Carver requests that the Transportation Advisory Board (TAB) approve transferring the 2014 CMAQ funds for the Carver Demonstration Bus Service (\$826,200) to the Green Line light rail transit operating fund in exchange for the Metropolitan Council providing \$826,200 in Green Line light rail transit non-federal operating funds to the City for the Carver Demonstration Bus Service.

Background

The Carver Demonstration Bus Service project was created as part of the 2009 TAB Regional Solicitation for federal transportation funds. This same solicitation also provided CMAQ funds for land acquisition and construction of a 400-stall park-and-ride lot in the City of Carver. The CMAQ funds for the acquisition and construction are a part of a separate project number and construction is anticipated to be completed this Fall of 2014.

The Demonstration Bus Service is planned to provide three years of express bus service between the City of Carver and downtown Minneapolis and the University of Minnesota. Bus service was anticipated to be provided by a contract with SouthWest Transit and operate as extensions of their existing express routes.

In discussions this year with Metropolitan Council staff, it was determined that it would be challenging within the existing federal regulations to develop a federally-compliant contract between the City and SouthWest Transit. It was suggested that an exchange of federal and local funds be requested.

Request

Therefore, the City of Carver requests that the TAB approve transferring the \$826,200 in CMAQ funds to Green Line Light Rail Transit operations in exchange for the Council providing \$826,200 in Green Line light rail transit non-federal operating funds to the City of Carver. This funding exchange allows both projects to proceed to completion as originally planned and budgeted for those programs. Other than the source of funding, no other change is proposed to either project.

The initial service plan is still being finalized, with a plan to adjust the number and types of trips over time in conjunction with SouthWest Transit to reflect actual market demand. The current plan is to provide the demonstration service for three years, but the City appreciates the flexibility to utilize the funding for more than three years.

The Metropolitan Council supports this request and has confirmed with the FTA that a TIP amendment is not necessary (see attachment).

If you have any questions, please contact Brent Mareck at 952-448-5353.

Sincerely,



Greg Osterdyk
Mayor

Attachment: Metropolitan Council letter dated October 7, 2014

cc: Gary Van Eyll, District 4 Metropolitan Council Member
Randy Maluchnick, TAB
Lyndon Robjent, Carver County
Len Simich, SW Transit
Carver City Council

October 7, 2014

Brent Mareck, City Administrator
City of Carver
PO Box 147
Carver, MN 55315

Dear Mr. Mareck,

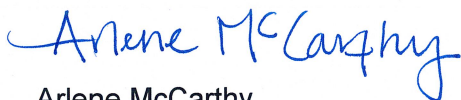
The Metropolitan Council supports the “defederalization” of the City of Carver’s \$826,200 CMAQ operating grant for 2014. The Council is willing to use these CMAQ funds for Green Line light rail transit operations which can accept additional CMAQ funds beyond those already allocated by TAB. The Council will in turn provide \$826,200 in non-federal operating revenue to the City for its Carver Demonstration Bus Service through a funding agreement. This support is conditional on the City delivering its bus service project as originally proposed to TAB, including providing a 20% local match to the net operating cost, which we understand is the City’s intent.

The defederalization of the City of Carver’s operating grant offers benefits to multiple parties:

- Allows the City to contract directly with SouthWest Transit to provide the bus service to Carver Station by extending existing trips already serving Minneapolis and the University of Minnesota. This option retains the “one seat ride” for passengers boarding at Carver Station while also using a cost-effective service plan.
- Provides the City with the option to stretch the operations funding to more than three years, if warranted by the final service plan, without securing federal approval.
- Allows the City to use direct costs (e.g., contract administration, snow plowing) as local match without going through the necessary FTA approval process.
- Eliminates the need for the City to be a federal subrecipient which reduces administrative costs for the City, the Metropolitan Council and the FTA.

The FTA has confirmed that a TIP amendment is not needed for this defederalization because the funding is already obligated in an active grant. The change can be handled administratively in the FTA’s online grants management system.

Sincerely,



Arlene McCarthy
Director, Metropolitan Transportation Services

cc: Gary Van Eyll, Metropolitan Council District 4