

Business Item

Transportation Committee



Committee Meeting Date: November 28, 2022

For the Metropolitan Council: December 14, 2022

Business Item: 2022-320

Carbon Reduction Program Funding Distribution

District(s), Member(s):	All
Policy/Legal Reference:	Transportation Advisory Board (TAB) Action
Staff Prepared/Presented:	Amy Vennewitz, Deputy Director, Finance and Planning (651-602-1508) Steve Peterson, Manager of Highway Planning (651-602-1819)
Division/Department:	Transportation / Metropolitan Transportation Services

Proposed Action

That the Metropolitan Council award 2023-2025 Carbon Reduction Program funds to 14 bicycle/pedestrian projects (see Attachment 1) as part of the 2022 Regional Solicitation and include these projects in the draft 2024-2027 Transportation Improvement Program.

Background

The new federal Carbon Reduction Program is designed to fund projects that reduce transportation emissions, defined as carbon dioxide, from on-road highway sources. There is a wide array of federally eligible project types including most transit, bike, pedestrian, carpooling, congestion pricing, vehicles/modes that lower emissions (EVs), and approaches that lower construction emissions.

In October 2022, TAB requested, and the Transportation Committee recommended, allocating the 2023 and 2024 Carbon Reduction funds (\$16M total) as part of the 2022 Regional Solicitation cycle. The direction received from the Council's Transportation Committee was to put this funding towards the Bicycle and Pedestrian Facilities modal category given that these projects are eligible for this new funding source along with the high number of applications submitted for this mode. The Transit modal category projects are also eligible. However, almost all submitted transit applications are already funded prior to distribution of these funds. Roadway modal category projects are largely ineligible for the Carbon Reduction funding, except for Traffic Management Technologies.

At its November 16, 2022, meeting TAB recommended programming 11 projects for the 2023 and 2024 Carbon funding (shown highlighted in green in Attachment 1). TAB also recommended using \$5.5 million in 2025 Carbon Reduction Program funds to fund the Three Rivers Park District's Bryant Lake Regional Trail Construction project due to its tied score with another project proposed to be funded. This would be made possible by using \$5.5 million (or 2/3) out of the available \$8 million in 2025 Carbon Reduction Program funds. Three Rivers Park District has indicated that there will be synergy with other nearby projects from a timing perspective if their project is funded as part of this funding cycle. If the Council proceeds with funding the Three Rivers project, Council staff suggests funding the next highest scoring projects in the Multiuse Trails and Pedestrian Facilities application categories (the City of Anoka's Rum River Trail 4th Ave Railroad Crossing Multiuse Trail Project and the City of Victoria's 78th Street Pedestrian Overpass) to fully program

the available 2025 funds. Otherwise, the region is left with partial 2025 funding and somewhat limited time to select projects for the 2025 program year. Allocating the 2025 funds would also enable these projects to advance sooner, and still provides time to plan and apply the newly developed approach to carbon reduction investment in future years (2026 and on). This approach would also preserve a similar level of funding, \$16M, for a future solicitation.

There are three primary funding options for the Council to consider:

Option	Projects	% of 2025 Carbon \$ allocated
1. 2023-2024 Funds Only	No additional projects beyond the 11 projects with 2023-2024 funds	0%
2. TAB recommended project addition to avoid tied score	+ Three Rivers Park District tied project (\$5.5M)	66%
3. Additional projects to allocate all of 2025 carbon reduction funds	+ Three Rivers Park District tied project, City of Anoka project, and City of Victoria project (\$8.056M)	100%

Allocation of Carbon Reduction funds for 2026 and beyond will be discussed with the Council and TAB in 2023 pending completion of MnDOT’s required Carbon Reduction Strategy and input from Council climate related planning studies. This planning work will help determine the best use of these new federal funds.

While the selection of the projects discussed here was made possible by the recently created Carbon Reduction Program, the specific funding source used to fund the project will ultimately depend on the funding available in each year and the best year for each project to construct their project. All projects discussed as part of the Regional Solicitation or Carbon Reduction Program will be listed in the draft 2024-2027 TIP as funded projects.

Rationale

The Infrastructure Investment and Jobs Action (IIJA) created the Carbon Reduction Program, which is meant to fund projects that help reduce carbon emissions. The new program provides the Council with \$8M per year for fiscal years 2023-2027. Given the limited time to develop a new allocation process focused on carbon reduction and the need to spend 2023 and 2024 funds, the Council and TAB advised that the funds be awarded to bicycle and pedestrian projects submitted to the Regional Solicitation. TAB and Council staff further suggest awarding of 2025 funds. The manner in which to distribute 2026-2027 funds will be discussed and addressed in 2023 by the TAB and Council, pending completion of MnDOT’s required Carbon Reduction Strategy and climate-related planning studies.

Thrive Lens Analysis

This action promotes:

- Stewardship by leveraging federal dollars to support local investment
- Livability by funding emission-free active transportation projects

Funding

These projects are funded with a combination of federal, state, and local funds.

