



ACTIVE TRANSPORTATION WORKING GROUP NOTES

February 14, 2024

Attendees: Glen Johnson, Brian Martinson, James Hovland, Hwa Jeong Kim, Mary Liz Holberg, Peter Dugan, Amity Foster, Aurin Chowdhury, Mark Steffenson, Julie Jeppson, Alexander Ask, Jeni Hager, Brian Issacson, Michael Thompson, Marc Briese, Aaron Tag, Craig Jenson, Jordan Kocak, Joe Widin, Steve Peterson, Amy Vennewitz, Charles Carlson, Cole Hiniker, Bethany Brandt-Sargent, Joe Barbeau, Elaine Koutsoukos, Katie Caskey, Molly Stewart, Ash Narayanan

Legislative Language Review

Chair Johnson went over the legislation language for review.

Staff noted that most identified criteria were already covered with the Regional Solicitation application. The first 2 listed criteria are not, communities may meet these criteria, but not looked for with Regional Solicitation.

Chair Johnson stated that the requirements of the legislation language are specific but believes that the language is more open and flexible. Also of note, there is no end date for the sales tax – the revenue will continue in perpetuity.

Member Holberg asked to what degree does the new revenue have to align with the other funds as noted in the language.

Staff responded that there is quite a bit of flexibility in the language, the key wording is the term “align” – AT funding process does not need to be identical to the Regional Solicitation.

- A key piece of this is we need to think of this wholistically with overall Regional Solicitation – and if not, need to be clear on why we are doing something differently.
- The AT funding needs to be thought of in conjunction with the overall RS, but that does not prevent doing something in a different year or having a different process – “extent practicable”. Could do a standalone AT solicitation in 2025. Think flexibly but consider together with the overall RS. Met Council counsel confirms that this is his understanding as well.
- Hard requirement is these funds must be used in a competitive process or if there was a situation based on sub-allocation, cannot just award funds. If wanted to do this, would need to alter language to legislation.

Staff also noted that if TAB or this working group desired, the process, criteria, eligibility etc. could be changed in future years – what is established by the TAB though this process is not the final process, room for alterations in the future if desired.

Charles Carlson noted the history of language changes through the legislative process. Initially, 1/6 of new sales tax revenue was identified for TAB for a wider range of investments, this was altered to shift most of that funding to metro counties with a smaller share (this share) being allocated to TAB for active transportation. The wording was also changed to make language more flexible to implement.

Vice Chair Martinson added that the process needs to align with procedures and requirements but does not need to align with specifics like the types of projects that are awarded funding through RS today. Group can think of other types of projects other than capital projects, things like systematic or programmatic projects could be considered for this funding as well.

Role of Working Group

Chair Johnson went over the role of the working group. Chair Johnson stated that every meeting should have a goal to achieve to move the process forward. The goal for the day's meeting is to find direction on if short term options should be considered for new funding.

Active Transportation Funding Overview

Staff gave an overview of various funding sources available for active transportation investments in the region.

- Prior to 2023, few active transportation specific funding sources in region. This has now changed.
- Regional funding: Collection began in October of 2023 – looking long term over \$1 billion will be available for AT by 2050.
- Regional Solicitation is from federal funds, existing process is to award funding for future years (2024 Solicitation is for projects in 2028 or 2029), new AT funding is available today and can be used earlier.
- Expect about \$150 million to be available from 2024 to 2029.
- Counties also received new funding. 41.5% of new county funding is required to be spent on active transportation projects or safety studies. Counties will have up to twice as much AT revenue than TAB through 2029.
- State AT account received one time \$40 million appropriation. Metro district not eligible for construction grants in 2024 (may change in future).

Member Holberg requested more information to better understand what Met Council's plans are for new money from 2023 legislative session.

Staff responded that this will be a large topic of discussion at the TAB meeting on 2/21. Staff will be providing an overview of finances and should contain the information. For October and November so far, Met Council received Sales Tax payment of \$ 32,954,993.10 and \$31,915,439.97, respectively. 5% of that revenue is dedicated to the AT Fund (\$1,595,772 and \$1,647,749).

Member Holberg noted that as money pressures change for various aspects of the regional transportation system there is an opportunity to reprioritize some dollars due to new revenue.

Chair Johnson asked what restrictions there are on the county or state money outlined.

Staff responded that the only restrictions are that 41% of new county revenue must be spent on active transportation projects or "corridor safety studies" and that new revenue cannot supplant already identified dollars for planned projects, it may only supplement them or fund new projects.

- MnDOT State-Aid staff noted that there are state requirements for their active transportation funding and that the selection criteria is very similar to what is outlined for TAB AT revenue.

Member Issacson stated that counties in the region are taking different approaches to the new funding. Ramsey County is currently not looking at annual operations type costs for new funding, but that sort of funding would be within the purview of the counties if they chose to do so.

Future Decision-Making Process

Chair Johnson described the role of the working group. The working group will not make decisions on their own, rather they will make recommendations for the TAB to consider and ultimately accept or send back for changes. Recommendations will go through technical committees.

The biggest question for the group today is when will the accumulated revenue be spent?

Potential Structure Options to Consider

Chair Johnson described the three funding timelines to consider – near term (2024), interim (2025) and long term (2026 and beyond). The large funding gap between RS funding and applied projects – near term options could look to fill the gap somewhat or establish a separate solicitation specific to new funds. If near-term options are to be pursued additional meetings and faster action will be needed.

Member Issacson asked if funds were not used until 2026 if they would not be available until 2030 or if they could be allocated for projects sooner?

Staff responded that funds could be used for projects much sooner, especially if they were for smaller scale or systematic projects that may not need as much lead time as large capital projects. Without the expanded federal requirements and being tied to federal funding years, this money could be moved sooner than the Regional Solicitation.

- State-Aid staff noted that state AT funds currently are used for projects that can be constructed in one or two years after awarding and carbon funds have been used by the Council for bike and pedestrian projects which could be completed within a year or two. Local governments have been good at turning around projects quickly if funding is made available quickly.
- Staff also noted that the new regional sales tax funding has no expiration unlike other funding sources.

Vice Chair Martinson asked how we would go back to projects which applied for RS funding to get supplemental information required for AT funds?

Staff responded that we could go back to applicants for RS funding and request additional information needed for the AT funding. Has been done in the past on different projects and has not been an issue. For instance, this was done during the last RS cycle when PROTECT funding became available.

Vice Chair Martinson followed up that if supplementary information was requested that it should not be just simple yes or no answers and that the responses should be more qualitative to be eligible.

Member Foster requested clarification on what is meant by “federalizing” a project.

Staff responded that State Aid will be discussing this concept at the TAB in April. The term means that any time any federal money is put into a project, it becomes a federal project subject to additional federal review and other processes which lead to project development and review taking longer than it would need to be otherwise. In general, this means that project timelines and approvals take longer and push projects back.

Member Hager noted TAC’s thoughts on timing. TAC had strong consensus that there are challenges on funding projects in 2024. Technical staff do not want to apply federal process to the new local funding. If wanted to use list of RS projects would need to think about the agency process and which project receives federal funding or state funding.

- Would want to have an informational presentation on the implications of federalizing projects if choosing funding sooner.

Member Holberg discussed certain projects which have been awarded funding in previous years and if this funding could be used to fill in any funding gaps those projects may have prior to construction. Inflation has driven project costs higher than previously anticipated and this funding should be considered to be used to help fill in unexpected funding gaps due to this. This should be something to consider when deciding project eligibility.

- Chair Johnson noted that these projects would still need to have the first two criteria outlined in legislation to be eligible.
- Staff noted that RS applications submitted have already committed to costs of projects and promise that these projects are already fully funded. Could not come back for more funding.

Staff also noted that if gap is because of something unforeseen like higher cost increases in the industry that would be a potential situation that could warrant additional funding.

Chair Johnson explained that if the group does want to pursue the near or interim options that more time would be needed from the group to move recommendations sooner. If 2024 RS projects were to be funded, the TAB will vote on this in July. Would need to meet that deadline.

Staff noted that any decisions made in the meeting today does not commit the group or TAB to a choice and that decisions made today can be reassessed at future meetings.

Member Issacson stated that he does not believe option 1 (2024 funding) is practical at this stage.

Vice Chair Martinson asked staff to come back to the group with different options on how the group could make a decision on how much or what type of projects that could be considered in the 2024 RS list. If an interim process was selected in 2025, does that take staff time away from non-RS things as it is a non-RS year, may be other things staff should be focusing on in those years.

- Member Hager shared that from the perspective of cities in the region the concern is mainly on tying non-federal funds to the federal process. Thinks there needs to be a clear separation for these pots of money. It was noted that there are concerns about applying for RS as it can cost up to \$10,000 to write applications. If AT specific is streamlined, no issue with off year solicitations.
- Member Kocak noted that Hennepin County staff agree with what was stated by member Hager.
- Member Thompson responded that an off-year solicitation would work for the City of Plymouth if the process was streamlined. It was also noted that metro cities were left out of new funding sources. Would like to see MnDOT AT come back to explain their application process if interim year is chosen to proceed.
- Member Holberg also responded that if the process was quick and streamlined that it would not be an issue. Does not think it is worthwhile to supplement RS now as they are long term projects. The group should aim for a 2025 solicitation for AT. This will give the group more time to do this right the first time rather than rushing to meet the 2024 RS deadline.

Member Foster stated to be leaning toward the interim 2025 option as well. Less federalization and dealing with multiple streams of funding. Can also work to make the 2025 process clearer.

Member Jenson stated that a 2025 application makes a lot of sense. Also noted that it may not emphasize regional considerations as much, as the RBTN ([link](#)) scoring on RS limits many local considerations. There is a demand that RS is not meeting currently.

Member Dugan stated that the group should focus on the interim 2025 option for near term funding. It would be great to have money available quickly. Thinking of the process for this moving forward, should lean on technical teams.

Chair Johnson stated that the group appears to want to go in the direction of a 2025 solicitation and that the group will need to meet more frequently. Gave an option for two weeks.

Information items for future meetings:

1. Federalization and differences between federal and state funding requirements. Costs for grant applications for applicants (time and money) – will add to federalization info
2. Identify pros and cons of each option to vet with the committees.
3. Get information on what is needed for 2024 brief info item to know which projects are recommended for funding this round of RS.
4. More information on the RBTN as it is a key element for multi-use trail funding in RS.