

IN CONSIDERATION OF RESOLUTION NO. 22-5284, FOR THE PURPOSE OF ALLOCATING \$152.8 MILLION OF REGIONAL FLEXIBLE FUNDING FOR THE YEARS 2025-2027, PENDING ADOPTION OF THE 2024-2027 MTIP

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Prepared by:

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ISSUE STATEMENT

As the metropolitan planning organization (MPO) for the urban area of the Portland region, Metro distributes different sources of federal transportation funds. Two sources of federal transportation funds, the Surface Transportation Block Grant Program (STBG) and the Congestion Mitigation and Air Quality (CMAQ), are allocated at the discretion of the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council. The process of distributing these funds is known as the Regional Flexible Funds Allocation (RFFA). The RFFA is conducted on a three-year funding cycle. The metropolitan region is forecasted to receive \$152.8 million from these sources in the federal fiscal years of 2025-2027.

ACTION REQUESTED

Approve Resolution No. 22-5284, allocating funding to regional investments as recommended by JPACT, and detailed in Attachment A.

IDENTIFIED POLICY OUTCOMES

In September 2021, JPACT and Metro Council adopted Resolution 21-5194 which established the program direction for the 2025-2027 RFFA. This program direction establishes the process and criteria for the funding allocation, and follows policy established in the 2018 Regional Transportation Plan (RTP), adopted by JPACT and Metro Council in December 2018 (Ordinance 18-1421). Through that effort, four key regional funding priorities emerged:

- Equity, with a focus on race and income
- Safety
- Climate Smart Strategy implementation
- Managing Congestion

These four priorities were carried forward as the policy outcomes for the 2025-2027 RFFA, recognizing the extensive public outreach effort and agreement among the region's stakeholders that had led to their inclusion in the 2018 RTP.

The 2025-2027 RFFA Program Direction continues a two-step process for allocation of these regional funds. Step 1 identifies funding for repayment of bonds issued for regional transit system and other capital project development, funding for MPO planning and administration, and continued investment in regionwide programs to carry out priorities identified through the 2018 RTP.

Step 2 is funding identified for local capital projects that improve the regional transportation system. Metro conducted a Step 2 project solicitation and evaluation process beginning in July 2021 and concluding in September 2022 with a JPACT-approved list of projects to receive funding.

Metro's Planning, Development and Research staff coordinated with Parks and Nature staff to use the RFFA project solicitation process in developing a staff recommendation for projects to be funded through the portion of funding dedicated to trails projects in the voter-approved 2019 Metro Parks and Nature bond measure. This staff recommendation was adopted by Metro Council on September 29, 2022 (Resolution 22-5285).

Part of the Step 2 project selection process was to conduct a technical analysis on the project proposals to determine their performance with regards to the policy outcomes. This technical analysis measured the projects' potential benefits and outcomes in each of the four policy priority areas and assigned each a project a rating reflective of its merits.

Following completion of the technical analysis, discussions with Metro Council and JPACT directed that the recommended project list be developed with an emphasis on Equity and Safety outcomes.

POLICY QUESTION(S)

Should the Metro Council approve the resolution and direct staff to move forward with allocating funding to the selected projects as recommended by JPACT?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Policy options for Metro Council to consider include:

1. Approve the resolution thereby approving the funding allocations and project funding awards as outlined in Attachment A, and conditions of approval as outlined in Attachment B, or
2. Remand the resolution back to JPACT with direction on desired changes or conditions

STAFF RECOMMENDATIONS

Staff recommends Metro Council approval of Resolution 22-5284.

The package of projects funded through this resolution were selected by JPACT based on their technical performance in achieving outcomes in the four RFFA policy outcomes. In

addition to their technical merit, the package follows RFFA policy direction regarding how these funds should be allocated to invest in projects throughout the region and to use them to leverage other investments.

Non-approval or a remand of the package of projects back to JPACT could result in a delay in adoption of the 2024-2027 Metropolitan Transportation Improvement Program (MTIP), due to be adopted by Metro Council in 2023. The MTIP is the federally approved list of transportation investments in the region and a delay in its adoption could result in the region being unable to spend federal funding until it is approved by the Federal Department of Transportation.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The 2025-2027 RFFA follows transportation policy direction established in the development of the 2018 RTP. Chapter 6 of the RTP provides detail on the region's investment priorities. Projects selected for RFFA funding are on the 2027 Constrained RTP project list, which identifies the highest priority projects to be funded in the first 10 years of the plan. The RTP project list focuses on making near-term progress on key regional priorities – equity, safety, climate, and congestion.

How does this advance Metro's racial equity goals?

Advancing equity is a primary policy objective for the RFFA. Equity, along with Safety, were the primary outcomes used in selecting projects. The projects selected were evaluated on the degree to which they eliminated transportation-related disparities and barriers, and improved access to community assets within RTP Equity Focus Areas. Equity Focus Areas are defined as communities where the rate of people of color, people in poverty and people with low English proficiency is greater than the regional average and double the density of one or more of these populations.

How does this advance Metro's climate action goals?

Another of the four primary policy objectives for the 2025-2027 RFFA is to advance the region's Climate Smart Strategy. Selected projects were evaluated based in part on how they could help the region reduce greenhouse gas emissions. The projects funded through the 2025-2027 RFFA are focused on making bicycling and walking easier and safer, and improving and expanding the region's transit system.

Known Opposition/Support/Community Feedback

A 30-day public comment period was held between May 20 and June 21, 2022. Over 3,000 individuals shared their thoughts and opinions on the 29 projects under consideration for funding. Respondents were asked to indicate the degree to which they supported or opposed specific projects through an online survey tool. All the projects received over 50 percent of their responses as indicating support by the respondents.

The notice and invitation to participate were distributed through several channels:

- email to community involvement offices and community participation organizations

- an email to the 1,900 subscribers on Metro’s transportation and land use interested persons email list
- an email to the 882 subscribers on Metro’s Parks and Nature Trails email list
- an email to the 1,264 subscribers on Metro’s Parks and Nature Bond Measure email list
- email to community-based organization networks, asking them to distribute the invitation through their networks
- Metro News (oregonmetro.gov/news)
- Metro’s social media channels, including targeted Facebook advertising in all languages
- email invitation to committee members and interested persons for the Metro Council, JPACT, Metro Policy Advisory Committee, Transportation Policy Alternatives Committee (TPAC) and Metro Technical Advisory Committee

Metro facilitated the discussion and selection of the projects through two transportation-specific Metro advisory committees – TPAC and JPACT. These committees were forums for discussion, coordination, consultation, and decision-making by elected officials and their staffs, representing cities and counties of the region, public agencies and transportation providers, including the Oregon Department of Transportation, Oregon Department of Environmental Quality, the Port of Portland, TriMet and South Metro Area Regional Transit (SMART).

Legal Antecedents

This resolution allocates transportation funds in accordance with the federal transportation authorizing legislation (currently known as Infrastructure Investment and Jobs Act, or IIJA) as implemented through the Code of Federal Regulations Title 23, Part 450, Subparts A and C and relevant rules issued by the USDOT. The allocation process is intended to implement the 2025-2027 Regional Flexible Fund Allocation program direction as defined by Metro Resolution No. 21-5194, For the Purpose of Adopting the 2025-2027 Regional Flexible Funds Program Direction for the Portland Metropolitan Area, adopted September 9, 2021.

Anticipated Effects

Adoption of this resolution would direct staff to program funding in the amounts specified to the identified transportation programs and projects into the upcoming 2024-2027 MTIP so they may become eligible to receive those federal transportation funds.

Financial Implications (current year and ongoing)

Adoption of the resolution would commit federal grant funding for Metro Transportation Planning activities. These grants are administered on a cost reimbursement basis, requiring Metro to incur costs associated with the planning activities prior to receiving reimbursement thereby incurring carrying costs. Furthermore, the grants require a minimum match from Metro of 10.27% of total costs incurred. Funding for this allocation of grants will occur in Federal Fiscal Years 2025, 2026, and 2027. Federal Fiscal Year 2025 grant funds would typically be utilized by Metro in Metro Fiscal Year 2025-26 (July 1, 2025

– June 30, 2026). Federal Fiscal Year 2026 grant funds would typically be utilized by Metro in Metro Fiscal Year 2026-27 (July 1, 2026 – June 30, 2027). Federal Fiscal Year 2027 grant funds would typically be utilized by Metro in Metro Fiscal Year 2027-28 (July 1, 2027 – June 30, 2028). The Planning and Development Department is able to request advancing the allocation of these funds to an earlier year, however, if there is funding program capacity need and the budget capacity for local match is available.

The proposed allocation to MPO Planning would require Metro match of \$175,178 in Metro fiscal year 2025-26, \$180,434 in Metro fiscal year 2026-27 and \$185,847 in Metro fiscal year 2027-28 for transportation planning activities. Additionally, match would be required for the portion of the Regional Travel Options (RTO) program funding utilized for Metro-led expenditures. Approximately 30 percent of the RTO program funding is currently utilized for this purpose. Metro sometimes provides the local match requirement for Corridor Planning activities, though this requirement is often met by partner agency contributions to a corridor planning project.

BACKGROUND

The RFFA represents the region's direct implementation of the funding priorities defined in the RTP. As the only transportation funding under the purview of JPACT and Metro Council (in their MPO oversight role), these funds have historically been used to invest in elements of the transportation system that advance key policy objectives.

Every three years, the region undergoes a process to affirm the policy direction and select investments to be funded with the Regional Flexible Funds. Since the 2012-2013 RFFA cycle, the region has followed a two-step approach to allocating these funds. This framework was adopted to ensure the region is investing in the system in accordance with RTP direction and the RFFA objectives. Step 1 provides funding for regional commitments to transit capital and project development bond payments, and continues investments in MPO, system, and corridor planning activities, as well as investing in region-wide programs.

After meeting Step 1 funding commitments, the remainder of the funding comprises Step 2. This portion of funding is targeted to capital projects that support the region's four RTP investment priorities as detailed above.

In September 2021, Metro Council, through Resolution 21-5194, adopted the 2025-2027 RFFA Program Direction. This action created the policy direction for investment of a forecasted total of \$142.35 million in federal transportation funds allocated to the region.

Subsequent to adoption of Resolution 21-5194, passage of the federal Infrastructure, Investment and Jobs Act (IIJA) resulted in additional federal funding for MPOs. The IIJA added an additional \$10.4 million dollars to the regional revenue forecast. Metro staff prepared a proposal for how these funds could be incorporated into the 2025-2027 RFFA and discussed this proposal with JPACT in April 2022. The proposal recommended increasing the Step 1 amount by \$4.3 million and Step 2 by \$6.1 million. The additional Step

1 funding increased regional investments in corridor project development and Transportation System Management and Operations, and added support for federal discretionary grant applications and the regional aerial photo consortium. Additional Step 2 funding increased the amount available for local capital projects. In total, the forecasted amount of federal funds to be awarded through the 2025-2027 RFFA would be increased to \$152.8 million. JPACT indicated their support for this approach for investment of the additional \$10.4 million.

Following adoption of Resolution 21-5194, Metro conducted a call for project proposals to be considered for allocation of Step 2 funding. The project call opened in November 2021 and proposals were due in February 2022. Through this call for projects and the subsequent technical evaluation and public comment processes, Metro also solicited project applications for up to \$20 million for trails projects. This funding was generated by the voter-approved 2019 Parks and Nature Bond Measure.

Metro received a total of 29 project proposals through this project call. With the help of an ad hoc advisory committee comprised of staff from non-competing agency and non-government organizations, Metro led a technical analysis of the projects, focusing on how well they achieved regional outcomes as identified through the 2018 RTP and the 2019 Parks and Nature Bond Measure.

Beginning in May, a 30-day public comment opportunity was held to gather input about the proposed projects from community members and stakeholders. County coordinating committees and the City of Portland provided further information on which projects they indicated were their priorities for funding.

Through a series of briefings with TPAC and JPACT from May through September 2022, the technical and public comment input was used to develop a draft recommendation for TPAC discussion and their subsequent action to forward the recommendation to JPACT.

As part of their discussion in advancing a funding recommendation to JPACT, TPAC offered several observations for consideration in the development of the 2028-2030 RFFA Program direction:

- Urban arterials have significant needs that the current RFFA process may not fully address. The region should continue both global discussion on how to address these needs and whether the RFFA process is appropriately considering the needs and priorities of arterials relative to other transportation needs.
- There is some potential for additional federal funding being identified for the region within the timeframe of this current revenue forecast. TPAC expressed interest in discussions of whether the region should develop a procedure for this current revenue forecast to pre-identify additional projects to be prioritized for any additional funding the region may receive. Should there be sufficient interest in moving these discussions forward, the following additional points should be considered:

- Should such a procedure as indicated above be developed, should it be developed as an on-going process or limited to this one instance?
- Should the procedure emphasize lower-cost project development work that would be more affordable for potential additional funds and would create a pipeline of competitive projects to leverage other discretionary funds?
- There were comments by TPAC members that the procedure should not lose focus on project performance relative to the desired policy outcomes if it were to be implemented.
- Metro staff identified several procedural mechanics that would need to be addressed to develop such a procedure and it would likely result in additional staff and committee time to implement.
- There were comments about whether there could be more consideration of how to articulate and incorporate program direction on geographic parity or “fairness” when allocating funds, while recognizing federal rules that do not allow sub-allocation of funds. Current program direction is to “fund projects throughout the region”.

In their September 2022 meeting, JPACT discussed the TPAC recommendation and made changes to two projects. The Fanno Creek Trail project requested funding was reduced by \$500,000. This amount was reallocated to the Allen Boulevard project, which had not been in the TPAC recommendation. Following these amendments, JPACT took action in September 2022 to approve the list of projects for Step 2 funding, as indicated in Exhibit A.

The final JPACT-approved package of projects reflects a compromise between multiple sources of input to be considered. The funding package is a balance between policy technical ratings, coordinating committee priorities, assessment of risks to project delivery, public input and other RFFA process policy objectives.

The overall performance of these investments aligns with the regional performance-based and congestion management process, detailed in Appendix L of the 2018 RTP. The Step 1 programs and Step 2 projects selected for funding advance the region’s system performance goals and objectives by making communities more walkable, improving access to jobs, improving people’s travel choices, reducing greenhouse gas emissions, and making the system safer, more reliable, and efficient. Many of the projects funded are either on or adjacent to roads on the regional congestion management network. The 2025-2027 RFFA makes system improvements through dedicating funding to demand and system management strategies, and supporting efficient land use decisions through investments in walking, bicycling, and transit.

ATTACHMENTS

Exhibit A: 2025-2027 RFFA list of investments

Exhibit B: 2025-2027 RFFA Conditions of Approval

Exhibit C: 2025-2027 RFFA Public Comment Report

Exhibit D: 2025-2027 Appendices to RFFA Public Comment Report